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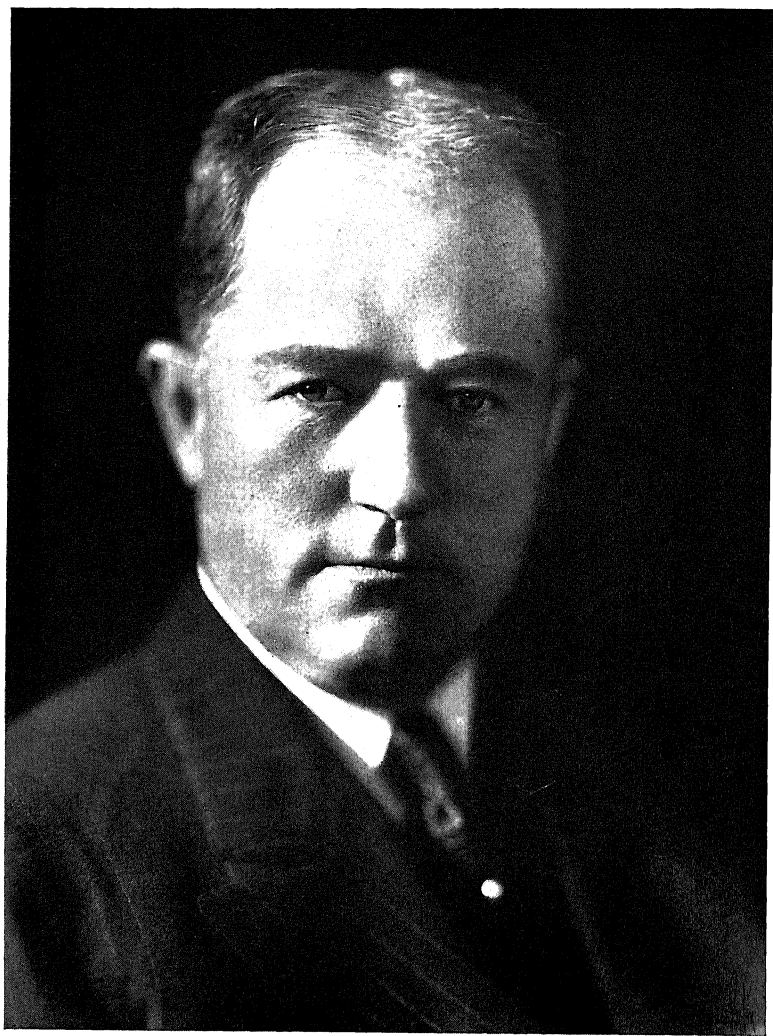


HENRY P. DAVISON

*The Record of a Useful Life*







HENRY P. DAVISON  
CHAIRMAN OF THE AMERICAN RED CROSS WAR COUNCIL

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# Henry P. Davison

## THE RECORD OF A USEFUL LIFE

BY  
HIS FRIEND AND PARTNER  
THOMAS W. LAMONT



HARPER & BROTHERS PUBLISHERS

NEW YORK

1933

LONDON

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HENRY P. DAVISON

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*Printed in the U.S.A.*

FIRST EDITION

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*Dedicated to*

KATE TRUBEE DAVISON





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## FOREWORD

IT IS difficult to write an adequate biography of a man who spoke little, and wrote nothing, about himself. Yet that is the task confronting anyone undertaking to tell the life story of Henry Pomeroy Davison.

It is the story of a man who, in the first twenty years of this century, had a vital relation to many of the important developments in the financial life of America. Yet any light to be thrown upon his work must come solely from a study and an estimate of what he did. That must speak for itself. If to any extent he was introspective, analyzing his own purposes, judging his own motives, visualizing within himself his own ambitions,—certainly he did not talk about it. He posed neither before others nor himself. His correspondence contains no letters of that self-revealing kind that give illumination to many biographies, and help to the biographer. He relied, not on the written, but on the spoken word. His great power lay in personal contact. He could win individuals and groups through the power of his presence and speech. He never attempted it through letters.

In fact (with the notable exception of the diary covering his African shooting trip) I have been able to find scarcely a single personal or characteristic communication to include in this volume. However, no less an authority than Plato tells us in his *Phaedrus* that the spoken word is of far more value than the written one, though presumably he was then hardly thinking in terms of biographical material!

All of those who were close friends of Harry Davison used frequently to be asked to name the qualities that were most conspicuous in his makeup. The answer was not easy, but all his intimates would agree that he had a fine, clear mind and great imagination—the vision to realize that the dreams of today are the realities of tomorrow. With an unusual courage which gave that imagination of his free scope, he united extraordinary magnetism. In any company his personality, marked by a charming sense of humor, was always outstanding. He had an abiding interest in the welfare of others, particularly of young men. Never did he allow an opportunity to escape in the advancement of one he deemed worthy, no matter how humble his station might be. And to such characteristics he added the more personal qualities of loyalty, of understanding and of sympathy that made him all his life a loved figure in whatever circle he moved.

That extraordinary devotion which his friends had for Davison has probably reflected itself in the form which this volume has taken. It has hardly been a biography in the usual sense of that term, but rather a running narrative of the outstanding events in Davison's life, a citation of his virtues and achievements, with his faults, whatever they may have been, left out. Perhaps I should have attempted a more balanced estimate of his character; but for an intimate friend, who remembers him only with gratitude and joy, it is well-nigh impossible to cudgel one's memory, in order to record some weakness or lapse in a character so remarkable and lovable as Davison's.

Those who knew Davison best—indeed, those who knew him at all—realized, because they were self-evident, the warmth of his heart, the unquenchable joyousness, even gayety of his outlook upon the world,

the generosity of his impulses, the cleanness of his life, the high character of all his standards. But any of them searches his memory in vain for discussion by him, either spoken or written, about those things. He was not given—aloud at any rate—to philosophizing; he never preached; and he did not wear his heart upon his sleeve. If I over-emphasize this point, it is to make clear why this volume is not to be annotated with a mass of documents and letters.

Davison lived in the concrete. He was like the typical great man of affairs, deeply immersed in them, and developing from the atmosphere about him some seventh sense that made his swift decisions ultimately prove logical, even though at the time of their making they may not have seemed so. He *did* things. He inspired and led in the doing of other things. He acted with all his might and concentrated upon each problem in turn. To the solution of each, one after another, he brought swiftness of decision and certainty of touch. For he possessed a clear mind and conscience grounded in standards unquestioned, and for him unquestionable, because assimilated into the very essence of character, admitting of no argument and calling for no explanation of motive.

There is extant, for example, no significant interchange of correspondence in connection with his joining the firm of J. P. Morgan & Co. The elder Morgan, upon whose invitation, of course, he came to the firm, was given even less than Davison to loquacity about abstract personal or business conduct. The interview was a brief one. When Harry, rather taken aback by the peremptory invitation and by the overwhelming tasks that lay ahead, expressed a doubt as to his qualifications, Mr. Morgan brushed all that aside and then added shortly:

"There's only one thing to remember: I want my business done up *there*," holding his hand high above him, "and not down *here*," pointing to the ground.

Several years after that, in his testimony before the so-called "Pujo Committee" of the House of Representatives in 1912, Mr. Morgan declared his dependence upon upright character, his desire to deal with men in whom he could "believe." Thus he felt no need of elaborate speech with this young man whom he was installing within the inner circle of his confidence. He knew Davison. He had seen him in action in the panic of 1907, easily standing out as the leader of the younger generation in banking and finance. And it was characteristic in Davison to take the standards for granted. Before that same Congressional Committee, indeed, he was asked if a certain procedure of the Morgan firm was "defensible." Instantly, almost belligerently, he answered:

"I do not know why the House did it, but if the House did it, it was most defensible!"

In Davison's mind anything the House did must have been, *ipso facto*, above suspicion! Davison had had, long before he became a member of it, a great admiration for the Morgan firm. He had an almost passionate belief in the excellence of its motives. But that did not mean that he attributed lack of excellence to the motives of others. He was under no possible illusions on the subject of that reputed omniscience in financial matters which "The Street" sometimes attributed to the firm. He knew well enough the frailty of human wisdom. His most extravagant estimate of the firm's good judgment would have been to attribute to it the advantage of having turned out right more often than wrong. One morning, at partners' meeting, he undertook to report briefly upon the progress of a corpora-

tion whose affairs he had been especially deputed to follow.

"Gentlemen", said Harry in his whimsical way, "I am sorry that I cannot bring you better news. I was so confident of the success of this particular concern that I put some money in it myself intending, on the proceeds of the investment, to send my sister to Europe. I find that my sister has now arrived at Xenia, Ohio."

Now and then throughout this volume will occur phrases from Davison's lips, even from my own perhaps, indicating the faith that was in us as to the excellence of the intentions animating the firm of which we were fellow-members. Not in extenuation or apology, but in explanation, I may add that it is natural, and in fact inevitable, that one long identified with the firm should write from the firm's view-point, and should not attempt to hide under a bushel any light which might serve to illumine the important character of some of its operations.

Davison's story may well be styled as typically American. Born in a small town in Pennsylvania, in a normal American home of modest resources, he learned perforce from the outset the invaluable lessons of economy, of the cost and value of money as the visible reward of hard work. In that experience, common enough all over the world, he was inspired by the more definitely American conviction and fact that the "top of the ladder" was none too high for him to reach by his own efforts, with no methods other than the most straightforward. If ever the copy-book phrases of truth, industry, persistence, courage, applied to anybody in this world they applied to Harry Davison.

A certain quality of merriment, of bubbling joy in life for its own sake, had rooted so deeply in his early childhood that nothing afterward ever killed it. It



might well have been killed by the chill that fell upon him when he was nine years old, and the death of his mother finally sent him to live with an uncle who, together with his sterling virtues, had the severest of Puritan temperaments and had limited sympathy with the exuberance of childhood. It may be that in this period the boy acquired that reticence as to inner life and personal emotions which has left his record bare of such expression. But nothing ever chilled the spirit of friendliness and optimism of which he was the embodiment and which played a vital part in his success with men.

Nor did the smallness of the stage upon which he played his early parts cramp his vigor or dull his eager vision of his future. He did, one by one—sometimes it must have seemed interminably—the things that lay at hand to be done; did them well and loyally. And one by one they fell behind him, as by that fidelity in small things he proved himself ruler over larger fields. If there be such a thing as luck, it served him too; sometimes things seemed in an uncanny fashion to fall his way, to work out better than even he dared to hope. But for the most part what some called luck was the added factor of personal charm, that gift of the gods that draws friends, ties them in and makes them long to serve far beyond any letter of agreement.

Did he ever suffer serious rebuff in all his career? I doubt it. Disappointments, discouragements, yes, plenty of them. Set-backs so decided as to rouse his fighting blood and set into motion every ounce of determined energy that he had. But serious and permanent rebuff, actual defeat, even temporary, in any of his many fields of endeavor—such ill-chance he seemed always able to avoid. In this respect Harry Davison appeared to lead a charmed life, but the charm

was one of his own weaving. And perhaps some of his very victories were due to his simply refusing to accept defeat.

The story of Davison's major business life runs almost parallel with that of a great and in some ways revolutionary period in banking and finance, particularly notable in the United States, but more or less marked throughout the world. It would be difficult to tell very much of Davison's life without describing some of the phenomena which marked the period through which he worked. Learning at retail, so to speak, in a small, up-country town, the rudiments of the banking business which was more or less indigenous in his mother's family, he refused to be confined within the narrow compass, outgrew it and passed in amazingly few years on to the widest ranges of international activity and influence. It is hard to set limits to the part he might have played, the place he might have attained, had not fate brought his earthly life, barely beyond the mark of fifty years, to an untimely end.

Even that end—"borne on the breath that men call Death"—he met with the same composure, the same blithe courage, with which he had met every other test and crisis of life. In those last days, facing the desperate surgical attempt which he had little chance of surviving, he challenged fate and faith in these words to one of his closest friends:

"All my life I have resolved, when my time came, to go standing up, calmly and confidently. It is God's provision for us. And you know, my dear friend, it is the great adventure."

Such in brief was the man whose self-expressing life, whose efforts and achievements in the service of his country, I have haltingly attempted to throw light upon in the writing of this volume. It was with great hesi-

tation that I undertook the task, partly because of the inevitable pressure of daily work which I foresaw must necessarily claim my first attention and delay this undertaking. But it appealed to me as hardly less than tragic that a man as widely known and as much beloved by his friends as Harry Davison should, in the prime of life and with the door opening to further opportunities of public service, "go down into the silences" and leave behind only scattered memories in the minds of his friends and in the records of his business. The sense of his loss has been, and remains, so keen that one felt that, so far as possible with the meagre written record which he left, no slightest memory of a word or deed should be lost. All of it, every success and every mistake, played such an important part in the development of that thoroughly human and humane personality that was the man as we knew him.

I hardly have to add that all who have coöperated in this not easy task have been filled with the same feeling—the love which we bore and which we still bear for Harry Davison, a leader and an inspiration to us all.

THOMAS W. LAMONT

I shall not attempt to mention by name all of Harry Davison's friends who have shown their interest and eagerness to help in this work; but because of the especially welcome contribution which she has furnished I must express my admiration and gratitude to Davison's sister, Mary Davison LeBraz, for her charming account of her brother's boyhood. I must mention also the melancholy satisfaction which I feel in having secured some years ago the interesting account, by my dear friend and former partner, the late Dwight W. Morrow, of the saving of New York City's credit in 1914. To George B. Case, Martin Egan, John Palmer Gavit and others I am much indebted for their share, so generously given, in illuminating Davison's work in the American Red Cross; and to Carrington Weems for his great assistance in inquiry and textual work.

It should be noted that Davison was christened, not "Henry" but "Harry." After entering active business he decided to sign himself in all important matters "Henry P. [sometimes Pomeroy] Davison". But aside from the fact of his christening, he was so invariably known as "Harry", not only among his intimates but in a wider world, that I have usually alluded to him by that name.

HENRY P. DAVISON



## CHAPTER I

### HIS LIFE IN BRIEF

*Three significant periods in Davison's career—His early work in banking organization and important banking consolidations—Outbreak of the Great War—Davison and the preservation of New York City's credit—His effective plan for bringing into order the chaotic Allied purchasing arrangements in America—The Red Cross under his direction helping to win the War*

THIS introductory chapter is intended to furnish a preliminary survey of the chief and most striking phases of Davison's life. In outlining it in this way I undoubtedly run some risk of giving the plot away in advance, so to speak. But it seems to me of value to the reader to have at the outset some outline sketch of Davison's field of action.

In the fifty-four years of life that Henry Pomeroy Davison lived, there were many periods and phases, each one full of vitality and interest. But of them all there were three that stand out as the most important, as marking his most constructive achievements. These periods all fell within the last fifteen years of his life.

The first was in his closing years as vice-president of the First National Bank of New York and his earlier days as a member of the firm of J. P. Morgan & Co. This was the period in which Davison became the chief factor in certain banking organizations and consolidations that were not only important in themselves, but were the forerunners of others which greatly changed and strengthened the banking situation in New York. The second of the three periods was roughly from

August 1, 1914, the outbreak of the Great War, until America's entry into the War in April, 1917. And the third period was that of his service as head of the American Red Cross, a work which most of his friends regard as the crowning achievement of his life. Davison himself looked upon it as his most important work.

As to that first period, it is well to recall that Davison, in 1903, had been the moving spirit in the formation of the Bankers Trust Company of New York. It was he who gathered together the younger set of bankers to make a new experiment in banking coöperation, and to found an institution which was destined to become a most conspicuous example of initiative and prudence in the American banking field. The Bankers Trust Company, from the start, inherited and imbibed from Harry Davison a portion of that fearlessness of his, joined with ample caution. So great a part did the Bankers Trust Company and its associations play in Davison's life and affections that, at some risk of over-emphasis, there has been added a detailed chapter on that phase of his work.

With the Bankers Trust Company already a success, Davison, as soon as he became a member of J. P. Morgan & Co., turned his attention to other situations in the banking field, situations requiring study and a firm hand. Thus, acting always with the approval and frequently at the suggestion of the late J. Pierpont Morgan, Davison undertook to merge the Fifth Avenue Trust Company and the Morton Trust Company into the Guaranty Trust Company, and soon thereafter brought to the enlarged institution as its chief executive officer an old school friend, Charles H. Sabin, under whose active hand the institution grew very rapidly. Later, in 1912, the Guaranty Trust Company took in the Standard Trust Company. In 1911, the

Bankers Trust Company, Davison's special care, absorbed the Mercantile Trust Company and soon after that the Manhattan Trust Company.

The result of these combinations was that the banking situation was considerably consolidated and strengthened, and the institutions themselves so enriched as to be able to attract increasingly strong managerial talent. These banking consolidations, of which Davison was the engineer-in-chief, later pointed the way to others in which he himself was not immediately concerned. But he had blazed the trail. Not that before his time banking consolidations were entirely untried, but rather that he was one of the first men in American banking to see the necessity for large and important banking units to serve the enormously greater units of business necessary in latter-day finance. He was one of the first to anticipate and meet in a large way the greater needs that were arising in the business world. Such consolidations had taken place in the foreign banking field, especially in England where the great British nation of merchants had required facilities to handle its commerce covering the seven seas. In the same way and for the same purpose Davison was a constructive pioneer in coördinating and building up American banking. How much further this tendency to combination and to the creation of larger banking units has moved since Davison's death in 1922 it is unnecessary to point out.

As for that second period in Davison's business life, it began, as I say, with Great Britain's declaration of war on Germany on August 4, 1914. The effect of this upon American commercial and financial markets was immediate and severe. Stock market prices tumbled, of course, but that fact was of comparatively small moment. What caused the gravest immediate concern



to the leaders of American finance was the demoralization of the foreign exchange markets and, in particular, the fall in the value of the dollar. Owing to this development one critical situation of great moment arose almost at once. The City of New York had maturing abroad, prior to January 1, 1915, the heavy sum of \$80,000,000. New York City's good name was involved in meeting those obligations promptly. Yet the city did not have the gold to ship, and even if the City Comptroller had been able to buy the exchange in the completely abnormal conditions then prevailing, the transaction might have cost the city a premium of something like fifteen or twenty million dollars.

At that critical juncture the city authorities appealed to the business instinct and to the patriotism of New York's bankers. J. P. Morgan & Co. at once interested themselves actively in the situation. Strong discouragement to any plan of attempting to raise *in gold* the great sums required came from many quarters. But with the approval and coöperation of J. P. Morgan,\* Davison became active in overcoming detailed opposition to the plan of securing gold. Accordingly the Morgan firm invited Messrs. Kuhn, Loeb & Co. to join them as managers and within a few days, with the coöperation of all the leading banking institutions of the city, organized a syndicate which agreed to buy \$100,000,000 of the city's obligations, and of that \$100,000,000 to pay in gold the sum of \$80,000,000. Thus was provided the gold necessary to export in order to meet New York City's promises-to-pay in England and France.

The operation was most successful in every detail. New York City issued its notes in the amount of \$100,-

\* This was J. P. Morgan, the younger or Jr., who had succeeded his father as head of the firm after the death of the latter on March 30, 1913.

000,000, and so well had the operation been handled that upon the offering on September 17, 1914, J. P. Morgan & Co. received almost six thousand individual applications for the notes. New York City's obligations were discharged and her credit abroad was placed on a higher level than ever before: because New York had paid on the dot *in gold*, something that no other city, and in fact no other country, at that time was attempting to do. This was a piece of War financing in which Davison's vigor and wide influence were turned to account. This transaction was of such moment and so fully deserves permanent record that it forms the substance of a special contribution to this volume prepared by the late Dwight W. Morrow, who himself was most active in the whole operation.

These early War difficulties in the American financial and exchange markets came to an end in the autumn of 1914. Then, with the immense demand for food and raw materials that the Allies precipitated upon America, the exchanges quickly shifted; the American dollar, as compared with the leading European currencies, had gone back to par with the pound sterling in November, and with the French franc in January, 1915. Not long after this the dollar went to a premium over both foreign currencies. Davison watched with careful and thoughtful eyes these growing purchases in America directed by the Allied ministries of war and navy, and of course by foreign manufacturers and merchants called upon to supply the extraordinary war demand of the governments and civilian populations. What was going on in America was easy to see: the Allies had begun to compete against one another upon a grand scale in the American markets. Not only that, but the various departments or ministries of the same govern-

ment were frequently in active competition among themselves.

The War had come so quickly and had moved so fast that in the ministries at London and Paris there had been no time for coördination. It was the business of the British War Office to equip its expeditionary force to the limit and Lord Kitchener, the head of the War Office, was a driver who would brook no obstacles or delay. The army stocks on hand in England were exhausted in short order; the British local markets were swept bare; and so Kitchener had to turn immediately to America. He required supplies of all kinds—beef, grain, cotton, wool, horses, leather, steel, brass, and copper. At the same moment it was the business of the British Admiralty to keep itself just as fully and as promptly equipped as the neighboring War Office, and now and then without much apparent regard for what the War Office was doing in the same markets. One mentions the instance of competition between these two great departments simply to illustrate the extraordinary character of this situation. Of course, it was made worse by the scramble here for military supplies on the part of other departments and of other governments.

It was easy to see where such unbridled competition would lead. Two results were inevitable. The first would be a failure on the part of the Allies to secure in any orderly fashion—and, in fact, in anything like sufficient volume—the supplies sorely needed. Incidentally they would be paying prices so exorbitant that their resources would all the sooner become depleted. The second result appertained to American industry itself, which would become thoroughly demoralized. Nothing is quite so upsetting to manufacture as wild and runaway markets; demands upon them, impossible

of fulfillment, to be succeeded by sudden slackening or cessation. It was easy to foresee and even to foretell with accuracy these results which would be of disadvantage (if one may be permitted to compare them) almost equally to the cause of the Allies and to American industry. But how to avoid those results was the puzzling question.

Harry Davison was the man who had a plan to remedy the situation. His idea was a simple one. It was to coördinate, through an American agent, the chief purchases in this country of the Allies and of their various departments. In working out this idea, Davison of course had in mind the two very points I have described. In J. P. Morgan & Co.'s office, from the first of August, 1914, all were heart and soul for the Allies, and of all the partners Davison was the most fertile in new ideas. What he said in effect was that here was a chance for the firm of which he was a member to render the Allies a great service by coördinating their American purchases and by bringing orderliness to their methods. He sensed also that an orderly development of these purchases would mean great opportunity, great expansion, great prosperity for American manufacture and the whole American business community.

The moment Davison conceived the idea of proffering the services of his partners and himself to the Allies to co-ordinate their purchases, or, in fact, in any capacity that would be helpful, he broached it to Mr. Morgan and the rest of his partners. Davison had no completely developed plan; it was just a thought—an instinctive protest against confusion—an idea prompted by the chaotic conditions becoming more evident every day. All the partners, including Davison himself, who was open-mindedness personified, could see serious ob-

stacles to the idea. How, for instance, could it be expected that any one of the Allied governments would put itself largely in the hands of a single American firm in such a vital matter as that of its supply of food and munitions? Or how could we avoid being caught almost at once in an *impasse*, if we attempted to act at one and the same moment for the British War Office and for the Admiralty? Yet, all things considered, the partners agreed that Davison's idea was worth trying.

"All right," said he to Mr. Morgan, "you jump on the steamer and make the offer first to the British authorities."

"You jump on the steamer yourself," retorted Mr. Morgan, "this is your idea. You go over and explain it. Then if you need me too, I will come."

On November 26, 1914, Davison sailed for England, and early in 1915 the arrangement was made whereby the Morgan firm was to undertake to handle a great part of the British Government purchases in this country.

Now as to that third phase of Davison's active life. Some people look upon his War work as head of the American Red Cross simply as a very unusual job of money-raising, and an extraordinary piece of administration. It was far more, far greater than either of those things. It is hardly too much to say that Davison's imagination and work had influence on the American people in setting up an entirely new standard of giving, in establishing a new scale of generosity that has since been felt in efforts of charitable and educational giving throughout the country. Since, in that first Red Cross drive, the country as a whole learned how to give, the scale for rich and poor has been immeasurably increased. In the ten years following the close of the War something like one billion dollars was

contributed to our educational institutions alone, as contrasted with a total of say \$339,000,000 of such contributions in the previous decade. The extraordinary organization of the successive Red Cross Drives proved again the advantage of handling great philanthropic enterprises with the same orderliness and efficiency with which business corporations are usually conducted.

The start of Davison's Red Cross work was, so far as my own observation went, at a luncheon in the offices of J. P. Morgan & Co. where the partners gathered daily, and where they frequently had with them a few personal friends. On this occasion, early in May, 1917, about a month after America entered the war, there were half a dozen of the Morgan partners, including J. P. Morgan and Davison; and as guests we had Cleveland H. Dodge, Robert W. deForest, Charles Dyer Norton, all three of them now dead, and Cornelius N. Bliss, Jr. These four men had long been identified with the Red Cross and were members of its executive committee, the chairman of which, with headquarters in Washington, was Eliot Wadsworth of Boston.

Davison showed an immediate and extraordinary interest in the situation, as these friends described it to him. They in turn were much impressed with the largeness of his conception of the work. His encouraging attitude led to further conferences, and, to make a long story short, he was soon invited by President Wilson, at the suggestion of the gentlemen named, to assume the chairmanship of a newly created Red Cross War Council which, during the period of the War, was to take over the administration of the whole society, coördinate it with similar relief efforts abroad and, in a word, mobilize all its resources, not simply for the

succor of the sick and wounded, but for the winning of the War. And it was this task to which Harry Davison, from that moment on, devoted his whole being, gave to it, in sickness and in health, all those varied powers of imagination, of leadership, and of administration which he possessed in such abundance.

Every one recalls the great Red Cross campaign for \$100,000,000 which was launched and carried through in the summer of 1917. Experienced campaigners in charity looked upon this stupendous sum as impossible to secure, and the country at large at first regarded the effort as noble but quixotic. But Davison and the able lieutenants who came running at his call organized the country as it had never been organized before for any purpose, political or otherwise. Every existing organization was utilized and directed with one aim towards this supreme effort of the Red Cross. Churches, schools, clubs, dramatic societies, fraternal orders, business corporations—everything was poured into the great hopper of the Red Cross. It was this vast, this eager organization penetrating into the tiniest hamlets in the land, just as it covered its greatest cities, this unique and superb organization which brought success—this and one other great factor, namely: Davison's personal success in gaining huge individual subscriptions to start the ball rolling. Men who would ordinarily have considered \$100,000 as their limit, gave \$1,000,000; families of extremely limited means, which in the old days would with difficulty have given a dollar, mobilized all their meagre resources and made it twenty-five.

As Harry Davison succeeded at the very start in establishing this new scale of giving, so he carried it through to a triumphant end. And the country awoke

one morning to realize, perhaps for the first time, its enormous latent power of wealth, its almost hidden sources of generosity—and that, too, from a people which had already been accounted lavish. *One Hundred Million Dollars!* That was the new mark set to show to the American people their power for generosity and sacrifice.

So it was that in this respect Davison performed a great feat in helping to win the War. "Perhaps the finest piece of executive management accomplished during the entire War," Colonel House has called it.

The second direction in which Davison's genius showed itself was in the extraordinarily helpful attitude which the American Red Cross adopted towards the French *poilu* in the early months of American participation in the War. This was in the autumn of 1917, perhaps the most discouraging period for the Allies in the whole War. For, on the Italian front, the Caporetto disaster had come like an avalanche from the Alpine peaks hanging threateningly over it. And in Russia Kerensky, fighting desperately but futilely to hold his country staunch to the Allies, had fallen. The red terror of Bolshevism had succeeded him and was even then planning the disastrous "Peace of Brest-Litovsk" with Germany. France was literally being bled white and, though gallant and heroic still, was staggering under the blows. America was in the War—and yet she was not. That great and life-giving stream of khaki had not yet begun to flow across the Atlantic to bring the Allied forces renewed vigor and courage. In the French army in the dark days of 1917, following the ill-fated spring drive on the Chemin-des-Dames, there was discouragement, there was disaffection. There was worse—in many divisions



there was open mutiny. The strain of three constant years in the trenches, with their families—for all they knew—in want and hunger at home, was too much for some of the troops. And the trouble might have spread.

Then it was that the American Red Cross literally came to the front. Pétain, a Marshal of France, has, later on in this volume, paid his tribute to the extraordinary help given to him at this time by the American Red Cross under Davison. He explains how the French army division commanders would prepare long lists of the most worthy *poilus* who were in deep anxiety over the case of their families at home; and substantial sums for relief would at once be sent to these families from the American Red Cross. In this way a double service was rendered; the families were materially relieved and were quickly made to realize that America, strong and resourceful America, was already on hand to help them. Next, and perhaps even more important, the French soldier, worn and broken, was, in the words again of Marshal Pétain, lifted out of a "certain lassitude, prelude to discouragement."

On this point I can add one word of personal testimony. Early in December, 1917, being in Paris on a War errand of minor importance, I was taken to call on M. Clemenceau who, in the midst of the discouragement I have described, had been called back to be Premier of France. Indeed, that was the hour for the "Tiger" to return. The stream was on the ebb; the tide seemed flowing out, perhaps never to return. Clemenceau leapt into the middle of it and dammed it. He was like a great, massive rock that swift, rushing water could not move. He was a barrier, a mighty

fortress that could not be shaken. All this is to say that, as he welcomed me in the early dusk of that gloomy December day, he grasped my hand and spoke in moving terms of the help which America was already rendering to his beloved soldiers through the Red Cross; of the fine imagination and bold execution which were proving to France that America was in truth by her side.

By some the question was feebly raised as to whether the American Red Cross had the right to spend in this way any part of funds given to it by the American people, many of whom, it was asserted, had expected these funds to be used first of all in material ways, in supplying bandages and hospital nursing for American doughboys. But Davison had a much broader idea than this. He knew his own country and his countrymen. He knew that when their Congress declared war on Germany on April 6, 1917, from that moment the land was fired *to win the War*, to win it at the earliest moment and in the most effectual way. He felt, too, that, when it became manifest that American troops in volume could not reach the battle lines in France before the late spring of 1918, then it became the business of the American people (and so of its Red Cross) to help the French and British armies fight the battles which, if a miracle could have taken place, Pershing's army would even then have been fighting—with the gallantry which later marked its every action.

Many mistakes of administration there were in the Red Cross during the War, as Davison himself was the first to point out. But is it extravagant to say that its first great purpose—that of helping the Allied armies to hold firm and of strengthening their morale until the American army reached the battlefield—the American

Red Cross accomplished, and in a manner extraordinarily thorough and effective? The Allied army chiefs looked upon this accomplishment as a work of genius. And so it was. But with it all there was, of course, never a time when Davison did not have foremost in his mind and heart the care and well-being of the American doughboys.



HIS MOTHER, HENRIETTA POMEROY DAVISON, IN 1862



## CHAPTER II

### BOYHOOD IN TROY\*

*Harry's childhood days—Death of his mother—He makes a new home for himself—Family and religious life in Merrick Pomeroy's house—The young school teacher—Boarding-school times in New England—Departure from Troy for the world of affairs*

HENRY POMEROY DAVISON, familiarly known as Harry Davison, was born in Troy, Bradford County, Pennsylvania, June 13, 1867. His father, George Bennett Davison, whose business it was to sell farming implements, had a creative imagination. He was an inventor; to puzzle out an improvement for a harrow or a mowing machine was to him an absorbing hobby. Harry's mother, Henrietta Bliss Pomeroy, was talented, musical, and had an irresistible magnetism; everybody loved her. She died while Harry was a little boy. No one now living and able to speak remembers her or can say what part she may have played in the fixation of his essential character; but it requires no stretch of imagination and probability to see in him the qualities of both of his parents: the ingenious mind of the one, the charm, brilliancy, and gift for friendship of the other. For the rest, the environment now to be described afforded a warp through which this virile, magnetic, joyous personality wove the pattern which made up Harry's early years.

Like many other towns of that period, Troy was a self-reliant, thriving little place, the surrounding farm-

\* Contributed by Mary Davison LeBraz.

ing country acting as a kind of commercial watershed to its prosperity. For all farmers who were within driving distance Troy was a clearing house. They drove there every Saturday afternoon with butter and eggs and grain; they put their money in the bank or, if necessary, they borrowed on a mortgage; they could buy a plow or have a horse shod and the wives could "visit" in the dry-goods store. Every hitching post had one or two horses attached to it. Those were the days when there was not a sleigh without two buffalo robes, and no one seemed to be poor. Elmira, a comparatively large town just over the line in New York State, was only twenty-five miles away, but Troy asked nothing of Elmira and probably gave nothing. Troy had everything she needed: a school, a bank, two hotels, two tanneries, two flour mills, and seven churches. Boys born in Troy were supposed to live in Troy; most of them did. A sort of walled town which had never been molested by new ideas; orderly, with no loose boards in the sidewalks; three neat streets, Canton, Elmira, and Main, radiating from its center—the bank—and, back of the town, Paine's Hill for boys to climb. This was the prosperous and satisfied atmosphere into which Harry Davison was born. Added to this was a solid foundation of family, the inter-marriage of the Davisons and Pomeroy's creating a close network of relationship. Two of Harry Davison's aunts on the paternal side married half brothers of his mother.

Merely to enumerate the names of the Davisons would describe them: Amanda Malvina, Araminta Maria, Susan Sophronia and Annice Amelia, George Bennett (Henry's father) being the only brother and the youngest. They all lived and grew old in Troy. They were as permanent and dependable as their names indicated. The Pomeroy's were equally solid,

with names equally descriptive: Daniel, Eleazar, Horace, Samuel, Newton, Merrick, and Henrietta. Both families were predestined to be pillars of the church—and they were. One day a man passing through the village, pointed to the Presbyterian church and asked a little boy what church it was.

"That? Why, that is Merrick Pomeroy's church," was the answer. Which was perhaps an overstatement, but there was some truth in it for, of all the Pomeroy brothers, Uncle Merrick, with whom Harry's life was to be so closely associated, was the most devout. He searched the Scriptures daily and obeyed them literally, with the faith of a child. The Bible, in the hands of so conscientious and austere a servant of the Lord, knew no exegesis. For him, to spare the rod was, in effect, to spoil the child, and it never occurred to him that the fear of the Lord could be exaggerated. His was a bleak school with a cold master. He did not rely on his own judgment. He blindly followed the Bible as common tradition interpreted it, without any discrimination. The example of Uncle Merrick's simple sincerity made on Harry's young mind a deep impression which fostered his instinctive distaste for anything that might have the slightest taint of sacrilege.

No tyrant could have been more merciless than public opinion bred in a small Presbyterian church fifty years ago. Its code was absolute. It was easy to know right from wrong; the relentless line was drawn straight: all religious or social activity in the church was right and most outside pleasures were under suspicion. That code dictated how Sunday was to be spent. As one of the days of the week it was Sunday, but on Saturday at sunset it began to be reverently called "the Sabbath day." Only to hear the word pro-



nounced in the customary, hushed tone inspired fear and gave a sense of repression. Sunday breakfast was a silent meal, worldly subjects and thoughts were shut out, so that the mind might be prepared for the entrance of the Holy Spirit. It was the Lord's day and should be set apart. Books, papers, and sewing or knitting were put away; only the Bible and *The Evangelist*, the weekly Presbyterian paper, were left on the table. After breakfast the family went to the sitting-room for prayers—a particularly solemn moment. As soon as the church bell began to ring, the women put on their bonnets and waited for the first toll of the bell; then they rose and the whole family, imbued with the spirit of reverence, gravely walked to church, where they sat lost in silent meditation.

The sermon and the long prayer were, for children, interminable distances that had to be crossed and, naturally, they snatched at anything which could be a diversion. The most absorbing one was to count the candles on the blue and gold chandelier which hung from the center of the ceiling, and those around the pillars on the sides. Half the time could be killed in that complicated calculation. Then "Fred," Uncle Samuel's mongrel, walked piously down the aisle every Sunday; his arrival always aroused the hope of some unholy disturbance. There was Jacob Conrad who rang the bell. He came in late through a special little front door near the pulpit, and every eye was riveted on that corner to watch for his sanctimonious entrance. Then there was a small side seat at the back of the church under which, according to the version of children, the child Samuel slept, but no one ever saw him or heard him say "Here, Lord, am I," for he only came out when the church was dark and empty. This they



AN EARLY CHILDHOOD PICTURE



firmly believed, just as they pictured Absalom hung by the head in an oak in Redington's woods, on the edge of the town; for such were the fairy-stories of Troy children.

The atmosphere was an entirely different one in the Sunday school which came immediately after the morning service. The old people were separated from the young ones, so need for appearances was gone and everybody had a better time. The afternoon was another endless space with nothing to do—a void. You could not play, you could not take a walk, you could not read anything, unless it were a Sunday-school book and, after the Elsie Dinsmore books and *Almost a Nun* had been exhausted, there was nothing exciting to ask for. Four hours to walk in the vegetable garden, or sit in the hammock dragged unmercifully. It was such a dull and heavy afternoon that Christian Endeavor at half-past six came as a relief, and the evening service which followed was not bad, for it gave at least something to do. The tension of the morning was gone, and unforeseen events were more likely to happen: the intrusion of a June bug in summer was full of possibilities, and all the year round there was always a hope that some one might go to sleep. As soon as a head began to nod, a signal to watch for a snore flashed from boy to boy. But the best part came at the end, when a lad chose which girl to take home, and Harry was never at a loss. Years later when, as a bank clerk in New York, he went back to Troy to visit, he found that the old attitude towards Sunday had not changed. Once he went home to spend Memorial Day which fell on a Monday. Arriving early Sunday morning, on his way from the station he met the minister who, after a cordial greeting, asked when he came:

"I just arrived, Mr. Sewell." Mr. Sewell's face instantly sobered:

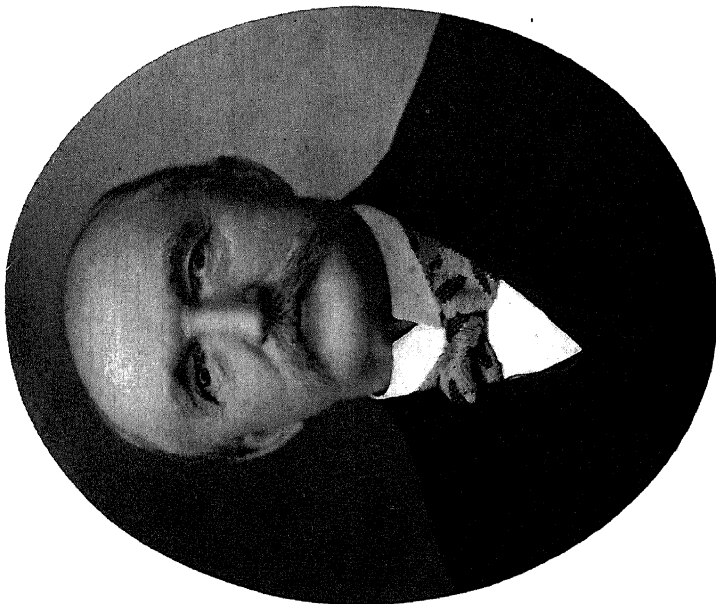
"What, Harry, traveling on Sunday?"

Tragedy entered early into Harry's life; his mother died when he was nine, leaving four children, a boy older than Harry, and his two younger sisters, one a baby six months old. His father's situation was a complicated one. Business obliged him to be away from Troy frequently, and his home was shattered. He was helpless to face alone the problem of guiding a family of four small children with no mother. The three eldest—Eddie, Harry, and Mary—each went for the time being to live with an aunt; Henrietta, the baby, was adopted by Uncle Merrick. Harry's surroundings at this time were not those prescribed as ideal for an affectionate small boy. He had too many guardians and no one in particular. He had to learn a great deal all at once. The first Christmas after his home was broken up, he hung up his stocking as usual and the next morning he stole downstairs in the dark to see if Santa Claus had his new address. His stocking was hanging limp and empty; on the floor under it lay a pair of mittens. He went back to bed but not to sleep.

When he was ten he made a new friend, a friend for whose influence he was grateful throughout his life. That friend was his grandmother, Lucinda Pomeroy. The story of their coming together is a touching one: early one morning Harry knocked at her door and asked if he could live with her. From that day her home was his. Truly to understand either the boy or the man, you should know something of that grandmother, a woman of natural distinction, whose simple dignity always inspired deference; both generous and



HIS MATERNAL GRANDMOTHER, LUCINDA POMEROY,  
IN 1887



HIS FATHER, GEORGE BENNETT DAVISON,  
IN LATER YEARS



economical (a broken knife handle or a ragged basket served for years after it was securely wound with string), and above all, religious. For her, religion was almost an obsession. But the grandmother was saved, humanly speaking, by a sense of humor, and Harry quickly learned to turn the subject away from a gloomy forecast of the future by introducing a gay note of irrelevancy, this to the mental health of them both. And so the old lady and the little boy lived together in half of a tiny house, he sleeping across the foot of her bed, as he was afraid to sleep upstairs alone.

Harry was a typical boy in a country town, contributing with enthusiasm his share towards making Halloween and the Fourth of July days to be dreaded. Money was scarce, his only source of revenue being the weekly income of ten cents earned by washing the windows of the bank. With soda water at five cents a glass and the sundries necessary for school, plus marbles and the etceteras that every boy has in his pockets, this didn't go far. Tickets for admission to the annual fair, a minstrel show or a circus, were beyond his reach, but Harry had plenty of invention.

One day a man began to paste up posters announcing the arrival of *Uncle Tom's Cabin*. All the horrors and sentimental sorrows on the billboards were eagerly studied by the boys; they were ready and waiting for the show. The day of carting the scenery was a busy one; every load had to be followed from the railroad station to the opera house (the name was not an inadequate one for designating the room, upstairs back of the post office, which served the purpose of theatre). When the bloodhounds appeared, it was more than Harry could bear. He had no ticket and no chance of one; he had to think quickly. He took a friend, the smallest he could find, by the hand and knocked on



the door of the stage entrance; he explained that his small companion could be available for the cast, on condition that he, Harry, were admitted as a spectator. Luckily, the candidate was just the one needed for the scene of Eliza crossing the ice, and Harry sat in the front row.

All of his plans didn't work out so well, however. Who does not know the importance of a first loose tooth? When the proud moment came to Harry, his father offered him a knife for the tooth. It took all day, but he earned his reward. Two days later he lost the knife, so he pulled out another tooth, a device which proved to be a failure from every standpoint.

Among the many playmates who stood ready to rally around Harry at the first call, the one he loved most was young Dan Pomeroy, Uncle Merrick's only son. Dan, in turn, worshipped Harry. For better, for worse, they shared their escapades; they were inseparable. The tie of brotherhood between the two cousins became still stronger when Uncle Merrick decided to build a house large enough to gather most of the scattered family under one roof. He had already adopted Henrietta; and now Aunt Phronie joined them with Mary, and Grandma Pomeroy with Harry. A broad and generous hospitality, but to children it had its drawbacks, for Uncle Merrick was the most severely careful man in the world. He had kept his lumber twenty years before his cellar was dug, so that it should be well seasoned. The plaster was without a crack and the windows never stuck. Four lively children in an immaculate new house were in constant disgrace: doors slammed when the knob slipped, and it was impossible to remember not to touch the paint. The temptation to slip off the stair carpet onto the wood was irresistible, and it was much easier to wind your scratchy shoes

around the legs of chairs than to sit with them hanging straight down.

One evening, when the old people had gone to prayer meeting, the children broke loose. The race up the back stairs and down the front began gradually, but rapidly increased in momentum. The doors that had springs were propped open with chairs, and there was a clean sweep through the house. Everything within reach was knocked helter-skelter. It was a wild orgy. The end came suddenly. Dan hit the parlor wall with an apple core. The spot was up high; it was the first thing you saw from the front door, and rubbing only made it worse. Attention was so concentrated on the spot that no one thought to straighten furniture or to close doors, and Uncle Merrick walked in. It had been an hour of reckless hilarity, and it was the last one the house ever suffered.

There was only one school in Troy—on High Street, which, by the way, we have overlooked—but it was a good one. All the teachers, except the principal, Professor McCollum, were women, most of them gentle and very popular with their pupils. One, however, Eliza Adams, was a universal terror. She was strong and fearless, and kept a long whip lying on a row of nails above the blackboard; no boy was too big for her to tackle, and when the spirit moved her, she wielded her rawhide like a fury. It was impossible to think of Eliza Adams otherwise than as beating some boy. After she married and became Mrs. Mitchell, Dan Pomeroy said:

“I wonder where Eliza Adams is now, Harry?”

“Up in the hills spanking little Mitchells,” was the prompt rejoinder.

The most coveted distinction in the school was to be chosen to ring the bell. The rope hung in the corner

of Professor McCollum's room, through a window from which you could see panting students running up the street. A boy could let a friend get in on time by ringing a little too long, or stop short to square some old score. It was often Harry's turn to be this envied arbiter, and yet he was not a "teacher's favorite;" his marks didn't warrant it. Nevertheless, there was something special about Harry Davison; he had "a way with him," the thing that we call personality, charm. It was customary, in case of absence of a teacher, to send as substitute one of the so-called big pupils. Professor McCollum found Harry one of the best to serve in this capacity; not that the class made much progress under his direction, but he managed to get through the session without turmoil. His method was simple; he entered the room as master. Once, when in charge of his little sister's room, he began the day by reprimanding her severely, not that she had done anything wrong, but he needed to assert his authority. The gesture was efficacious.

The Pomeroy's were all self-made men, ardent believers in education and in work. Harry remembered being greatly impressed when his Uncle Merrick took him one day to watch some men digging a gutter and said to him:

"Those men have had none of the advantages of education and, you see, their life is hard; study, my boy, so that your lot may be a different one."

He studied. When school was out, there were always duties to be done: the cow to milk or the horse to clean, and during the vacation he was a clerk in John Dobbins' hardware store. Perhaps Harry's farming system had a touch of leisure about it not altogether professional. The barn was five minutes from the pasture; he never walked to get the cow if he could

have a horse to ride. This failing, he walked to the pasture and rode the cow down to the barn. Forty years later, the milking vocabulary was still fresh in his mind. At a Bradford County dinner in New York, his neighbor at table challenged him on his practical knowledge of a real farmer's life:

"Well," said Harry, "I have spent more time milking cows than attending directors' meetings."

This gave the opening for a test:

"What do you say to a cow when you sit down to milk her?" asked the doubter.

"Heist," said Harry.

The man was convinced.

When Harry was fifteen, he took charge of a country school for the summer. Everyone knows the type of little, red schoolhouse by a dusty road, with the water pail and dipper by the door, and the hats hanging above them on a row of pegs. The school was in a little hamlet called Canton, ten miles from Troy, and Betsy, the old family horse, took Harry over Sunday afternoons. He was to be boarded by the farmers, a week with each one, and Betsy was to go for him every Friday. Much to the surprise of the family, Harry walked home Monday night, having taught one day: he was homesick. Early the next morning, Betsy took him back. After that, he stuck it out for the summer.

It so happened that on the first trip over to Canton Dan Pomeroy, who was to drive Betsy home again, stayed to see Harry open his school for the first time. Harry had made up his mind beforehand that the job was to be properly done. He decided that the right way was to lead the school in reciting the Lord's prayer. No sooner had he made a fair start than Dan Pomeroy got a fit of giggles which, to his dismay, Harry caught himself. They were both in difficulties until the prayer

was finished, although the noise of the students' voices helped them out somewhat. The moment the ordeal was over Harry jumped to his feet, glowered at the school, banged the desk and announced: "Henceforth there will be no more laughter during the Lord's prayer!"

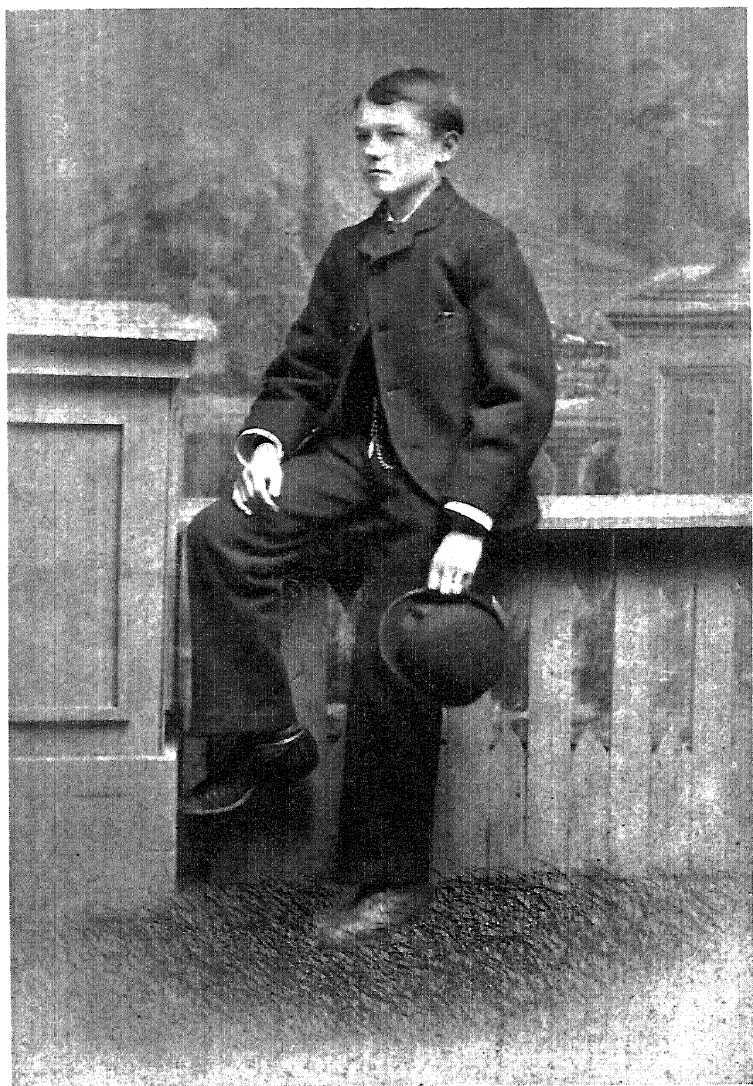
The whole school-teaching experience was a fortunate one. Harry's ambitions had been stirred. He said:

"Grandma, if you will send me to boarding school, I will be a good boy always."

That autumn his wish was gratified, and Greylock Institute, in South Williamstown, Massachusetts, was the school chosen. It was a proud grandmother who went three years later, to his graduation; for Harry had taken the four years' course in three, and was valedictorian of his class. His interest in foreign problems began then, so to speak, the subject of his essay being "Gladstone and the Irish Question."

Banking had been the sole interest of the Pomeroyes for two generations, so, in spite of his previous training as teacher, or as clerk at Dobbins', Harry's career was unquestionably to be that of a banker. As a special preparation he, accompanied by his friend Charlie Sabin, spent several weeks in the winter of 1886, taking special courses at the Williams & Rogers Business College, at Rochester, New York. Having completed his work, he returned to Greylock, and by hard work made up in his studies there the time spent at Rochester. And then (1887), back to Troy in earnest, and into the bank.

His entrance was scarcely noticed; they just added a third high stool to the two already there. The personnel was restricted to the minimum: two clerks occupied the front room and two Pomeroy brothers, Samuel and Horace, were in an adjoining back room.



THE YOUTHFUL SCHOOLMASTER



One of the clerks wrote all day in a big leather-bound book, and the other wrote in a second, equally heavy book, when he was not paying or counting money. Nothing had changed since the bank began; a dollar bill given out Monday was sure to be back before Saturday. Even the air was the same: a mixture of the smell of old leather, money, and coal gas. On the wall hung the portrait of Harry's grandfather, in a heavy, square gilt frame, covered with tarlatan, his gold headed cane suspended under it. A loud-ticking clock hung opposite the portrait, and some ivy and geraniums struggled for life in one of the two big front windows. It was a humdrum existence never inconvenienced or tormented by the spirit of innovation. The senior clerk lived in a room over the bank, his hours ticked off evenly with the clock, and with no more variation. He walked slowly across the road to the hotel for breakfast, then back to the bank; he closed the bank at twelve to walk again across the road for his dinner; he reopened the bank at one and closed it at six. After supper he sat in a chair (there was a row of them) in front of the hotel for an hour. Then he walked slowly up Main Street to the end of the sidewalk and back to his room for the night. He rarely spoke. Harry found this beaten path all ready for him, not a stone to remove! He was given a room over the bank; he climbed on his high stool, and all looked promising.

His only form of holiday was to work in the hayfield, which belonged to one uncle, or to umpire at a baseball game, a sport much enjoyed by another uncle. The disquieting feature no one had foreseen was that Harry had ideas: they began to stir the surface at once. At the end of one summer, rich in suggestions never followed, Harry, determined to forge ahead,



went to Cambridge to apply for a Harvard scholarship which was offered to a member of the Merrick family. Merrick being his grandmother's maiden name, he hoped to qualify, but the relationship was too distant: he was not eligible.

Harry's return to Troy was a sad one. His failure to enter Harvard had been a blow, and the situation was not made easier by one of his uncles, who had frowned upon his departure for college, considering it nothing but an evidence of instability. At the end of a plain talk in which his uncle told him that he was a restless element, that so changeable a character as his could never hope to succeed, and that, in fact, there was no place for those qualities in the bank, Harry found that he was in trouble: he was out of a job. The past was closed; what was to be the future? He had to find the road. Fortunately, his trip to Boston had not been a fruitless one: he had stopped in Bridgeport to see some school friends, who had given him a warm welcome and expressed a genuine interest in his welfare. He went back to them.

So the last page of Harry's boyhood was finished. He left Troy, but he took with him an indelible impression of his happiness there. Harry loved Troy. He was proud of his native place. He always thought that a boy had missed something out of his life if he had not known the flavor of a simple beginning. He never forgot a detail or a name: they were playthings in his memory. "The Tin Bridge" or "Huntley's Swimming Hole" evoked untold histories of hooky and adventure. When some one suggested to him in later life that a certain boy was not to be trusted, as he had deceived his parents and gone in swimming in March, when he was sure to take cold, Harry said:

"Don't let that trouble you; at his age, my shirt was never dry."

A game that always amused him was to see who could produce the name of a character in Troy, long since forgotten; the one who unearthed the most unlikely fossil won. Harry was usually the winner. He frequently went "home", and always declined to drive from the station; he liked better to walk through the town. Everybody knew that Harry Davison was coming on the morning train, and they were all waiting expectantly for that smile of his and that shake of the hand. He kept in close touch with, and was keenly interested in, all the local problems, and gave his counsel generously. Needless to add, he gave more than his counsel. Harry loved Troy; Troy loved Harry and would tell you what it meant to have on its birth-roll the name of Henry Pomeroy Davison.

### CHAPTER III

## SCHOOL DAYS AT GREYLOCK

*Three years at New England boarding school—A stimulating atmosphere for both study and pranks—A leader among the students—Life-long friendships formed at school*

BRIEF allusion has been made in the previous chapter to Davison's ambition to secure a proper education, and to the years which he finally spent at boarding-school. In the life of many boys, preparatory school finally proves of more importance than college. If England's battles have been won on the playing fields of Eton, then, as many an American youth can testify, the most decisive battles for orderly methods of work, for consistent training of the mind, have been won at preparatory school—the victory completed at college, very likely, but the trenches dug and the campaign put irresistibly under way at school.

Harry Davison was just sixteen years old when he entered Greylock Institute at South Williamstown, Massachusetts. As a boy, he had become strongly impressed with the idea that he must go beyond the local schools of Troy. Troy was something of a cage to him, and he was already beating his wings against its bars. So in September, 1883, he and his cousin, Dan Pomeroy, alighted from the train at Williamstown, and were met there by the school stage which, with their modest luggage piled on top, rumbled over the country roads, bright with autumn flowers, to the school where Harry was to spend the next three years of his life.

South Williamstown is in the midst of that wonderful region of the Berkshires, where thousands of American youths have been stimulated by the bracing air of western New England and inspired by the vigorous instruction of New England teachers, of the type reared under President Mark Hopkins at Williams College or Dr. Timothy Dwight at Yale. Greylock Institute was for many years considered one of the best of the New England preparatory schools. It had been established, as early as 1842, by Benjamin F. Mills, a Williams College graduate and, himself, a contemporary of the distinguished Mark Hopkins. Greylock was chiefly a preparatory school for Williams, but its graduates, nevertheless, scattered far and wide among all the New England colleges. Its student body numbered about one hundred and was made up of boys from typical American families—sons of clergymen, lawyers, merchants, and what not—most of such families being in comfortable circumstances. There were few rich men's sons at Greylock, and few of the extremely poor. It was not unusual, however, for a boy to work his way, in part, through school. The spirit of the whole place was democratic and New Englandish. The life was simple; luxuries, even comforts, were few.

Those were the days, almost fifty years ago, when automobiles had been imagined but not made. Even cigarettes were hardly known, though "cubebbs"—an alleged remedy for catarrh made up in cigarette form—were occasionally smoked by the Greylock boys. Bicycles, to be sure, were beginning to have a vogue, but they were the old, high-wheel variety, with the little wheel at the rear. But Harry's term bills were all that his family could stand without adding the expenses of a bicycle.

So, as Harry's friend, Sabin, has pointed out, the

recreations of the Greylock students were of the simplest. As to football, Greylock had its school team, but football had nothing like the call of its later days, and, on the whole, the students at South Williamstown preferred baseball. Harry played some baseball, but was never proficient at it. Of this phase of his life at Greylock, Sabin writes: "While Davy, as he was called, played baseball and tennis, it was never with any great success. He enjoyed the games, but was not sufficiently keen about them ever to try for a position on the school teams. Notwithstanding the fact that the athletes were even then always more or less school heroes, and therefore usually very popular with the other boys, Davy was more popular with a greater number of boys than any other student in the school. In fact, the leadership at the time was divided between Davison and Sam Maynard, very different types."

This leadership of Harry's came, of course, from the same qualities that he displayed in after life—a keen intellect and an ability to get on with people. Sabin points out that Davison, during most of his three years at Greylock, was one of the high-stand pupils in scholarship. In June, 1886, when he was graduated, he had the distinction of standing at the head of his class. He was also editor-in-chief of the *Greylock Record*, the school publication issued at the end of each year.

"But," adds Sabin, "Davy's attention to his studies never interfered with his keen and ever-ready response to a joke. I have a vivid recollection of one of these, which turned out to be a masterpiece of joy to the boys and one of equal ignominy to the weary teachers. Harry and Dan roomed on the third floor of the dormitory. In each wing of the dormitory lived a member of the faculty, whose duty it was to see that the lights

were out and the boys in bed at nine o'clock. Late one afternoon Davy and Dan secured a good-sized pig from the farm, put it in a clothes bag and lugged it up to their room. About half past nine, when the boys were supposed to be asleep, the pig was let out into the long hall. Plenty of eager boys, with their negative assistance, were on hand at once, and the game, Boys versus Faculty, began. Early in the struggle two things were evident: one, that you can't coax a pig, and the other, that the faculty team was not in good form. To hurry up on a pig is fatal. Everything worked to the satisfaction of the boys; the faculty was well represented and the pig was well chosen: he was noisy and slippery. Finally, after all the theories of how to catch a pig had been tried out, and all the skill and patience of the pursuers were spent, the pig was cornered. The score stood: Faculty, exhausted; Boys, fresher than at the start. The affair created a sensation in the school. The faculty members were justly indignant, and all the boys were correspondingly delighted. This achievement raised Davy more in the eyes of his fellow students than all the high marks that he could get for a whole term."

Such is the soul of a schoolboy, whether he be Tom Brown at Rugby, Stalky, or an American lad at Greylock.

Harry's summer vacations were spent at Troy, and during the long July and August days he fell back readily into the family régime and did his share of the chores. But he was always keen, with the early autumn, to get back to Greylock. There he formed certain fast friendships which were to play an important part in his after life. The strongest of these was, I suppose, that with Charles Sabin. He and Harry always had a great attraction for each other. Sabin was

bred in the region where Greylock was situated. He, like Harry, had been born among the high hills. Both had the same vivacity, the same high spirits, the same sense of humor. These were the qualities in Sabin that appealed to Harry—these and a certain frankness and candor that inspired trust. But even in those early days, Harry had a bump of caution somewhat more developed than Sabin's, whose daring was one of the characteristics that appealed to Harry and to the other boys.

Another strong friend of Harry's was Nathaniel Bishop, whose family lived at Bridgeport and had from early days been active in the affairs of the New Haven Railroad. Nat Bishop was easily the most original and unusual character of Harry's acquaintance. His fund of droll stories was inexhaustible, and I have never seen Harry laugh so heartily as when he was retelling one of Nat Bishop's latest tales.

Troy was a long way from Williamstown fifty years ago, and the trip home was expensive. When the short spring vacation came, Harry usually visited some boy who lived nearer Greylock. Rufus and Harry Peckham, sons of Justice Rufus Peckham, of the United States Supreme Court, were two friends who lived in Albany. One Easter, they invited Harry to go home with them. As they were starting back to school, one of the Peckham boys was standing in line at the window of the Albany ticket office. His suitcase was on the floor beside him. Harry, always ready for fun, slipped in and took it. He had not gone far when he was stopped by a heavy hand on his shoulder. He turned to find that he was arrested. The officer saw him take the bag. Peckham insisted that he had never seen Harry before. The joke had miscarried. Harry had thrown a boomerang. But finally, when the offi-

cer's hand was lifted, Harry enjoyed the experience as much as anyone. He liked a practical joke, whether perpetrated on or by himself.

Greylock was a world not so different in spirit, perhaps, from the rather parochial atmosphere of his native Troy, nestling in the rugged hills of northern Pennsylvania. Yet the Institute gave Harry a new and fresh outlook. It gave him a wider circle of friends, whose families were usually active in the affairs of their communities, and who, to his manifest advantage, remembered him with kindly interest in his later days, before the time had come when he no longer needed a friend or two at court. Above everything else, Greylock sobered Harry and turned him from a care-free boy into a young man, never lacking in high spirits or desire for a good time, but at last imbued with the knowledge that the business of life is serious and that he must be up and about it.

Harry's Greylock friends, who talk of him as he was in those days, recall his humor, his desire for accomplishment, his ready leadership of his fellows. But they all say frankly that, with all their early appreciation of these qualities, they did not then think of him as destined for a high place in the world. They say this somewhat shamefacedly, as if, forsooth, at sixteen they should have foretold Davison's success. That was not to be. It seldom or never is. The child may be father to the man. But it required those long, patient years of plodding and of effort, those discouragements and setbacks, to turn Harry Davison from the country lad of Troy, and the prank-loving youth of Greylock, into the leader of men that he became long years before the end.



## CHAPTER IV

### BANKING AT BRIDGEPORT\*

*Finding himself in a real job at last—Whist parties with P. T. Barnum—The meeting with Kate Trubee and their engagement—Fishing and shooting in the Maine woods*

TO BECOME the man that Troy is proud of today, Harry had first to leave Troy. Uncle Samuel was right: Harry was restless, he had outgrown his surroundings, his genius had begun to stir, he was on the ladder, and he never hesitated to climb a rung higher when the way was clear. Bridgeport was his first step.

When Harry left home his carry-all was light, his worldly possessions took small space and he had no sustaining letters of introduction. But he had a great asset: his incomparable gift for friendship. Friends were, from the beginning to the end, the greatest factor, perhaps, in Harry's life; he could not work without them, he could not play without them. Nothing gave him more joy and satisfaction than to have the chance to help a friend, and his life was always rich with such services big and little. So it was signally fitting that the door of his career was opened by a friend—a gesture which was to become Harry's most characteristic one. It was through Nat Bishop, his classmate and close companion at Greylock, that Harry at the age of ~~twenty-one~~ became, on June 5, 1888, book-keeper in the Pequonnock National Bank at Bridgeport at a salary of \$800 a year. His three uncles in Troy signed his surety bond for \$5,000.

\* Contributed by Mary Davison LeBraz.



THE TWENTY-ONE-YEAR-OLD BANKER



His experience at Troy was an excellent training school. He applied himself to his task with the avidity of youth. The world was before him, and he was beginning to dream of conquering it. He said that out of banking hours he studied the work of the man next above him, so that he should be prepared to take his place if it were ever offered to him. Banking fascinated him. He was keen to know all there was to be known about every detail of his immediate position, to exhaust all that it had to give him and then to leave it. He was no patient plodder, content to repeat mechanically the same routine. The present alone did not satisfy him; he needed at the same time to have his hand on the future, and he had few interests outside of his job. He had the habit of early hours, probably contracted in Troy where he was obliged to be in his bedroom over the bank at ten P.M., even if he had to miss the refreshments at a party; for there he was responsible for the security of the safe, and it was his night duty to watch for burglars through a register in the floor of his dreary little shelter.

Naturally, his first home in Bridgeport was in a boarding-house, but he was soon rescued from that dull life by an invitation to spend the summer with Herbert Knapp, the paying teller in the Pequonnock Bank. When autumn came, his host did not want to let him go, and so Harry stayed on with him as long as he lived in Bridgeport.

A tendency of Harry's, which became more and more definite through his career, was that he liked to be with older men. Phineas T. Barnum was one of the directors of the bank. As soon as he saw Harry, he took a great fancy to him. It was understood that every Thursday evening at exactly quarter before eight—for Mr. Barnum's entertaining had a mathematical preci-

sion about it—Harry was to go to his house to play whist. At eight o'clock, Mr. Barnum used to look at his watch and say with the ostentatious pride of the showman:

"The curtain is now going up in New York" (or wherever the circus happened to be).

At ten o'clock he looked again at his watch, which was the sign that lemonade was to be served and that the guests were to depart. These naïve eccentricities amused Harry very much, and he was flattered, after all, to be adopted into the circle of lifelong friends by the little old gentleman who had invented "The Greatest Show on Earth." When Barnum died, Harry was an usher at his funeral.

Another director of the bank who took a special interest in Harry was W. D. Bishop, Nat's father, a distinguished man, president of the New York, New Haven & Hartford Railroad. He was the first to bring into Harry's life the kind of sport which was to remain his chief form of recreation, his most successful way of throwing off care and dropping responsibility. As a boy, Harry was not an athlete; he was more apt to umpire at a game of baseball than he was to pitch. Later on, he liked to play tennis and to ride a good horse. But what he enjoyed most was hunting and fishing, provided that he was pretty sure to see some game and that the fish were biting. It was Mr. Bishop who packed him off for his first trip in the woods, and that in a peremptory manner full of the dry humor typical of the man. One day, he came to Harry's desk with a stranger whom he told to look over the books. Harry wondered what was the matter, and he was even more concerned when the newcomer, after a hasty examination, said that he felt competent to go on with the

work. Only then came the explanation. Mr. Bishop turned to Harry and said:

"Here is your substitute for two weeks; you, Davison, you are to take the three o'clock train for Parmachenee to join Nat. . . . A trunk with the necessary clothes is waiting for you at the station."

That was all. It was enough. Harry was enormously pleased. Think of being suddenly plunged into the heart of a great forest, when you have only known the poor little trees of Redington's woods! And what a glorious experience, to hear for the first time a startled deer crash into the underbrush, or to feel the twitch of your rod when a trout is on the hook! Harry's capacity for enjoyment was boundless. He could give himself up to play as unreservedly as he did to work, but whenever he had had a good time he could not rest until, with all his keen enthusiasm, he had persuaded some friend to start off to do just what he had done. A pleasure was not complete for Harry unless he shared it. When he came back from Parmachenee, the first thing he thought of was how his sister would love that trip; and so he sent her over the same ground. He liked to make presents, but he liked to make them out of season. He gave at Christmas as others do, but that was not the form of giving that interested him. He liked better to do the unexpected. In fact, most of the joy for him was gone from making a present if it lacked the shock of surprise. He spent a great deal of thought working out schemes for making somebody happy unawares. Just so, he appreciated a reply that had a tinge of the unlooked-for about it, as, for example, when answering an acquaintance who asked where he was born, he said:

"Bridgeport."

"But I thought you were born in Pennsylvania."

"Oh!" replied Harry, "I met my wife in Bridgeport."

His wife! He could not have summed up in a more expressive way what she meant to him and what an indispensable part she played in his life.

One of the oldest Connecticut families established in Bridgeport was the Trubee family: father, mother, and two daughters. They lived on West Avenue in a comfortable house which was a very popular rendezvous for all the young people. Kate, the elder daughter, was the soul of hospitality. Herbert Knapp was a relative of hers, and one day soon after Harry took up his abode with him, the two drove to the Trubee home on an errand. While Herbert was in the house, Harry held the horse in front, at the horseblock, when suddenly Kate appeared on the veranda and said gaily:

"Since you don't come to be introduced to me, I must come to meet you." This simple candor went straight to Harry's heart, and at the end of a year they were engaged.

Not long after this, Harry's sister, Mary, went to pay him a little visit at Herbert Knapp's where he was staying. The day after she arrived, Harry said: "Would you rather go to the circus this evening or to prayer meeting? I have tickets for prayer meeting, and besides, Kittie Trubee will be there."

Kate was exactly the wife Harry needed. His temperament was quick and often impatient; he did not like to wait. Kate was calm and steady, not given to snap judgments. She talked little but thought clearly. She was like her father: when she had adopted a policy, nothing swerved her, and this reliable quality was of inestimable value to Harry who looked upon it as his plumb line. She was in touch with all of his affairs, and he never made a decision diametrically opposed



MRS. HENRY P. DAVISON (KATE TRUBEE) IN 1904





to her advice. Not that she ever tried to dominate him, for there was nothing autocratic in her; no, she had much wisdom and, besides, she studied Harry, and she understood him with the intuitive understanding which grows out of a deep affection.

The two were married on April 13, 1893. The date would have been avoided by the superstitious as an unlucky one, but Harry chose it. He was born on the thirteenth, and he claimed that everything of importance to him happened on a thirteenth. Several months before, Harry had already left Bridgeport for New York to become receiving teller in the Astor Place Bank. So the young bride left her familiar surroundings to start with her husband towards the destiny he was to create for himself in the great city. They began housekeeping in a sunny, little flat on the fourth floor, at 444 Central Park West. Harry bought a bicycle and rode down to the bank every morning, keeping as much as possible in the slot of the old Ninth Avenue trolley line. Three of the happiest years of their lives were spent in this first home, years full of promise, full of dreams—and Harry's dreams almost always came true. There, in February, 1896, they had the supreme joy of welcoming Trubee, their first child.

Shortly after Trubee was born, George Case, a staunch son of Eli who soon became Harry's closest friend, appeared with a bottle of champagne under his arm, to drink to the health of the boy and to baptize him irrevocably a Yale man. It had been such a disappointment to Harry not to go to college that he was doubly keen to assure to his boy the advantage he had missed. So he began at once to build a reserve fund for Trubee's education. For this purpose he acted as notary public for the bank, and every night he brought his fees home to Kate in twenty-five cent pieces. They counted

them and put them aside in a cigar box. And what an excitement in the household when, by a stroke of luck, the quarters went to dollars!

It must be said that, in a larger sense, Harry's quarters, went regularly into dollars. He never had a serious setback. He bore the mark of success upon him, and most of the important financiers of the day with whom he was associated felt it and said so. They often told him that he would be heard from in the banking world. But he did not need to be told: he was the first to sense it. One could not have accused him of undue confidence in himself. Yet he had the conviction, underneath, that he was "going to be somebody." The night that he came down from Bridgeport to take his position at the Astor Place Bank, when the train pulled into New York and he saw the millions of lights twinkling in all directions, he said, with all the naïveté of youth, to the Bridgeport boy who sat by him: "Robbie, I am going to be a great man in that city some day!"

## CHAPTER V

### EARLY YEARS IN NEW YORK

*At the Astor Place Bank in 1891—Rapid promotion at the Liberty National—Final transference to vice-presidency of the First National Bank—Some characteristics of this institution—George F. Baker's career and his influence on Davison's work*

HARRY'S translation from the Pequonnock National Bank of Bridgeport to the Astor Place Bank in New York City was due solely to his initiative and persistence. He well realized that the chief opportunities, the greatest prizes, lay hidden in the crowded city. So when he heard that a new bank, to be located on Astor Place in New York, was being organized he decided that that was the place for his entry into metropolitan banking. This was in 1891.

Francis Lyman Hine (ten years afterward Harry's senior vice-president at the First National Bank and later president of that institution) was one of the organizers and was slated for vice-president in the new bank. So Harry called and modestly offered his services, to be used in any capacity the officers desired. Mr. Hine explained that they were overrun with applications and that their ranks were already filled. He was sorry, but there was no chance. A week later, Harry again came down from Bridgeport to see Mr. Hine. This time he urged his services very strongly upon Mr. Hine, but again in vain. But "if you don't at once succeed, try, try again" was Harry's chief credo in those days. So after another week he presented himself again, this time at Mr. Hine's home in Brooklyn.

At this third interview, Harry explained most tactfully—even humorously—that he did not intend to be turned down. He said that he needed the job, and the job needed him. He was so insistent, so persuasive and yet so inoffensive with it all that Mr. Hine made up his mind that this looked like a young man who would have an effective way of handling the bank's customers. This time he said yes. And that is the way it fell out that Harry entered the ranks of New York's bankers.

After this final and successful interview of his that day, it was so late that Davison decided to stay in New York overnight. But he had no friends in town, and so he determined to celebrate his victory alone and to go to the theatre. He was aglow with enthusiasm and importance over the new job and eager to tell somebody about it. But there was nobody to tell.

Arriving at the theatre, Harry eyed the two strangers sitting silently on either side of him and, finally selecting the least forbidding of them, said abruptly to him: "You don't know who I am, do you?"

"No, I don't," said the man in a tone that indicated he cared even less.

"I am the assistant receiving teller of the Astor Place Bank," said Harry in a proud and ringing tone.

"Uh, huh," said the stranger, and the conversation ended.

This was one of the many stories on himself that Davison used to love to tell.

Not long after the bank was well under way and Davison had familiarized himself with his duties as paying teller, there came a day when he peered up through the paying teller's window to find himself suddenly facing a revolver, in the hands of a wild-looking individual who demanded \$50,000 in cash. With great presence of mind, Davison swept to the floor the cash

which was on the shelf in front of him. At the same time he dropped behind the counter, giving the alarm, which resulted in the capture of the bandit who turned out to be totally demented. This episode, although at times exaggerated, gave Davison considerable prestige among the officers and directors of the new bank, and his success there became assured.

His change to the Liberty National Bank, a most important and vital change for him, came about in this wise:

In her school days at Rye, New York, Harry's wife, Kate, had as a roommate Mary Clarke (later the wife of George B. Case), the daughter of Dumont Clarke, president of the American Exchange National Bank. Through the friendship of the two girls, Davison became acquainted with Mr. Clarke. The latter, one of the leading bankers of the old school, had been one of the organizers, and a member of the board, of the Liberty National Bank, which began business in 1891 at 143 Liberty Street, in the newly erected building of the New Jersey Central Railroad Company. Not long after Davison began his connection with the Astor Place Bank, the board of the Liberty National Bank found it necessary to obtain an assistant to the cashier of that bank, who was then in poor health. Quite by accident, Miss Clarke heard her father mention the fact that there was an excellent opportunity for a young man. She suggested that he consider Harry Davison.

"Just the man! I'll bring up his name right away," was Mr. Clarke's response. He did so, and the members of the board of the Liberty National Bank elected Davison assistant cashier on December 6, 1894, at a salary of \$2,500 per annum. It is interesting at this point to note the names of the various members of the board of directors of the bank. For it was with them

that Davison really formed his first valuable acquaintances with the banking and business fraternity; acquaintances which were destined to grow into warm friendships and to have a vast influence in shaping his subsequent career.

When Davison joined the Liberty bank staff, he immediately became much attached to Henry W. Maxwell, already a director of the bank and one of its vice-presidents. Davison's contacts with Mr. Maxwell were constant, and he looked up to the elder man as a friend and guide in all the early steps marking the growth of the lusty, young institution.

The original board of the Liberty National Bank was made up as follows: Henry C. Tinker, George F. Baker, Harris C. Fahnestock, an associate of Mr. Baker's at the First National Bank, J. Rogers Maxwell, Henry Graves, Garret A. Hobart, afterwards Vice-President of the United States with President McKinley, Dumont Clarke, E. F. C. Young, William Runkle and John H. Starin.

George F. Baker had long been one of the heaviest stockholders of the Liberty, having been associated in the ownership originally with Henry Graves, J. R. Maxwell of the Atlas Portland Cement Company, and Commodore J. G. Bourne of the Singer Sewing Machine Company. Other large stockholders who came into the bank a little later were Daniel G. Reid, the associate of the Moore brothers in American Tin Plate and Rock Island, American Can, etc.; and Edmund Cogswell Converse.

It was at the Liberty that Davison had his first chance to show his real talents, his preëminent gifts as a banker, his caution and yet his courage, his uncanny gift for handling men. Even though his initial office in the bank was of minor importance, he had not been in

the bank a twelvemonth before the directors recognized him as a leader and as an impelling force in the institution. On July 23, 1895, Davison had been elected cashier at a salary of \$4,000, and on January 9, 1900, he was elected vice-president at a salary of \$10,000; he became president on May 16, 1901.

Davison had not been president of the Liberty long, before he decided that that institution should move from the corner of Liberty and West Streets, down among the ferry-houses and noisy trucks, up into the more congenial atmosphere and larger business of Broadway. Plans were worked out, in 1902, to move the bank to a new home, to be built for it by the Washington Life Insurance company, at 139 Broadway. But Davison was not destined, as an officer, to accompany the bank to the new location; for before the new building was well under way he had been elected a vice-president of the First National Bank.

Davison took up his duties as vice-president of the First National in 1902, after George F. Baker had for several years been observing his work. The First National was and is one of the great banking institutions of the world. The Liberty National Bank, where Davison had soundly established his career as a banker, was in a way a child of the First National; to the extent, at any rate, that it was founded by close friends of the First and that Mr. Baker and several of his associates were very considerable stockholders in it. On this account Davison had been accustomed to consult Mr. Baker on important matters which came up affecting the Liberty. Mr. Baker was so impressed with his energy and good sense that finally one day he said: "Davison, I think you'd better move your desk up here with us."

So Davison, leaving behind his old friend Edmund



C. Converse to take over the presidency of the Liberty, was translated to the First. This change from a presidency to a vice-presidency was not a step down; it was a promotion, because of the importance of the First National in the banking world and because of the close association which it meant with Mr. Baker.

The First National Bank of New York had been founded in 1863 by two brothers, John and Frederick Thompson, with whom Mr. Baker had been in association at Jay Cooke & Co. Mr. Baker was in years junior to them both, but in energy and foresight he was their senior. He became cashier of the new institution which almost immediately sprang into prominence among the New York banks.

This, then, was the institution where Davison really started the second and larger phase of his banking career; where he emerged from a limited into a large and important banking world. Nobody could ever imagine more congenial surroundings than he found here in the First National Bank family. The atmosphere was not that of an ordinary banking institution. It was more like an incorporated partnership. It was, in fact, just what I have described it—a small but happy family with Mr. Baker as the head of it, extraordinarily conversant with the workings of the bank and with all the things that the other members of his banking family were trying to accomplish. Mr. Baker always felt that it was a proper and legitimate thing for the officers of his bank to try to acquire independence and fortune, and to that end he encouraged them by friendly counsel and opportunity. But not through speculation. I have no absolute knowledge, but I am convinced that Mr. Baker never in all his long life sold "short" a single share of stock. Legitimate as short selling is for the stock market speculator, Mr. Baker



THE PRESIDENT OF THE LIBERTY NATIONAL BANK



was always on the "long" or constructive side of things. He was a student of values, bought good securities when their market prices were below what he considered their intrinsic or potential values and then held on to them "till the cows came home." At any rate, the pursuit of his policies, coupled with sound banking methods, had yielded total earnings for the bank, from its foundation in 1863 through 1930, including earnings of the First Security Company, \$313,154,096.42, with dividend disbursements of \$187,010,000.00. For over two generations Mr. Baker was looked upon as the dean of institutional bankers in America, and he and his associates earned for the institution its reputation of being the soundest national bank in the country.

One notable policy of Mr. Baker's, and, therefore, of the First National Bank, was always to support the Government to the limit in its important fiscal policies. Thus when, under Secretary of the Treasury John Sherman, the Government resumed specie payments in 1877, the First National became such a strong bulwark of defense for sound money policies and was so coöperative that the institution became popularly known as "Fort Sherman." Then upon the organization of the Federal Reserve System in 1914, Mr. Baker's bank was one of the earliest to join the System. He was one of the first to appreciate the value of the System's facilities and to utilize them; he was always one of its strongest supporters.

When, in 1917, the United States declared war against Germany, and the Treasury at Washington was compelled to undertake those gigantic loan operations to finance the War, Mr. Baker not only became one of the most active members of the Liberty Loan Committee, but his bank was always foremost in subscription

to the United States Treasury loans. The bank's total subscriptions to United States Government bonds and certificates from April 1, 1917, to the same date in 1927, ten years later, was \$3,867,115,900.

From the foregoing, one might gather the impression that this chapter has to do with George F. Baker rather than with Harry Davison. But Davison's friends realize the great part which the First National Bank and its sane policies, with Mr. Baker's wisdom and courage, played in that formative period of Davison's life—the stabilizing influence which Mr. Baker's qualities had upon Davison's impulsive and optimistic temperament. By nature and disposition Davison would always take a broad and serene outlook on life. It remained for him to see such breadth of vision exemplified and put into practice on a great scale, day by day, by a man of Mr. Baker's experience.

It was this same attitude that early made Mr. Baker the friend and close coadjutor of the late Mr. Morgan. No man knew better than Mr. Morgan that, in Mr. Baker, he could always find those qualities of soundness and foresight in the untroubled days of the country's financial progress, and of courage and support in time of difficulty.

In Davison's career at the First National, he performed three outstanding pieces of work, in addition to a singularly happy and effective disposition of his routine duties at the bank. These three matters were, in their order: his organization of the Bankers Trust Company, the part he played in the money panic of 1907, and his work as an adviser to the National Monetary Commission which, under the chairmanship of Senator Nelson W. Aldrich, visited the leading capitals of Europe in the summer of 1908.

## CHAPTER VI

### THE BANKERS TRUST COMPANY

*Genesis of Davison's idea—Building a bank for bankers—Personality of E. C. Converse and other associates—The institution's early years—Benjamin Strong joins the official staff—His aims and achievements—Permanent record of Davison's work for the Company*

HARRY DAVISON had for the Bankers Trust Company a feeling that was almost a passion. This trust company was his creation—his child. He conceived the idea of it; he brought it into being; he cherished and nurtured it; finally, he built it up to become a bulwark and force in the community of American banking.

The organization of the Bankers Trust Company was clearly the most brilliant of Davison's purely banking achievements. It brought him, deservedly, much prestige, greatly increased influence and usefulness. The plan was made and carried out during the early years of his vice-presidency at the First National Bank of New York. He had risen in seven years from the assistant-cashiership to the presidency of the Liberty National Bank, as recounted in the preceding chapter, and had been president only a few months, when George F. Baker had called him, in 1902, to the First National Bank as a vice-president and a director.

Davison's sense of obligation was such that he had felt free to leave the Liberty National only after he had arranged to install a suitable president in his place.

E. C. Converse, Davison's elder by a generation, had early taken an immense fancy to the brilliant, magnetic, young president of the Liberty National. Mr. Converse, himself, had had a striking and successful career. Starting at the bottom of the ladder in his father's steel tube works at McKeesport, Pennsylvania, he rose rapidly, by dint solely of his own abilities as a manufacturer; and when the United States Steel Corporation was formed in 1901, the National Tube Company, of which Mr. Converse was the heaviest shareholder, became an important part of the combination, Mr. Converse becoming a director and member of the Steel Corporation's executive committee.

The steel mergers greatly increased Mr. Converse's personal fortune. Prior to this time, he had taken up his business headquarters in New York City. He had brought to New York ample capital, great shrewdness and energy, and a very attractive personality. Davison's invitation to him, to become an active director of the Liberty National, gave to Mr. Converse the connection that was desirable for him. It gave both to him and to Harry Davison a friendship that was touching, remarkable, and enduring to the end of their lives, which fell within the same twelvemonth.

Harry learned early to call Mr. Converse "Pop." Mr. Converse welcomed the affectionate title, and he loved Harry with a devotion filled with admiration. Harry, who was amused, entertained, and made glad by Mr. Converse's quaint humor and singular business acumen, could "handle" him as no other man ever had, or ever could. He was one of Converse's "boys", and there was nothing in this world the elder man would not have done for Harry. They were associated in many important enterprises, and each always felt, and was always telling, how wonderful and how helpful

the other had been to him. For the twenty-odd years that they knew each other, Davison and Converse, whether in constant contact or not, marched blithely together. Theirs was a sentimental journey—a romance of modern business. A hundred times, Harry told his friends about the share, which Mr. Converse had generously turned over to him out of his own participation, in the underwriting of the United States Steel Corporation at the time of its organization. The results of this operation had helped Harry found his then very modest fortune.

Mr. Converse was fond of almost all outdoor sports and was especially skilful at golf, in which Harry was by no means equally proficient. Each year, the two had great fun out of their annual golf match. They had two prizes, first and second. Harry always got second prize.

With all his growing appreciation of Mr. Converse's business abilities, Davison naturally turned to him as the leading man for the Liberty. And, when Davison was called to the vice-presidency of the First National, he arranged that Converse should succeed him as president of the Liberty—not as the active manager, but yet as the responsible head of the bank. Davison, himself, retained the important post of chairman of the executive committee of the Liberty. So, too, early in 1903, when Davison organized the Bankers Trust Company and found no man immediately available as active president of it, he invited Mr. Converse to take the presidency which he retained for eleven years, until January, 1914.

Now, when Davison first sat down at his new desk at the First National and saw the new home of the Liberty National almost across the way, he could not forget that the Liberty was leaving vacant, though



still responsible for the lease, a good banking room and safe-deposit vault down on the river front. That vacant lease impressed Davison as a quite unnecessary burden to the Liberty. Why not get a new tenant for it? But it must have a bank for a tenant. Well, then, why not organize a new banking institution? No sooner said than done! For Davison was the quickest man one ever knew to act on an idea, be it his own or somebody else's. His frequent expression, when a friend gave him a new idea, was: "Why, that's an inspiration!"

For months, as a matter of fact, Davison had been discussing with other bankers of his own age (the early and middle thirties) the idea of organizing a trust company that they, young bankers themselves, would *own* and direct business to. In those days the banks could not lawfully carry on a trust business, and as they were constantly in the position of advising customers to take their trust accounts and other fiduciary business to the old-line trust companies, it was natural for these young bankers to suggest to themselves that they organize a trust company in which they themselves should be the chief stockholders. But it was Davison's original idea, of getting a solvent tenant for the Liberty's vacant quarters on the lower West Side, that crystallized the thought of this younger set of bankers, and led them, with Davison always as the moving spirit, to organize the Bankers Trust Company.

The men with whom Davison had been discussing this idea were: William H. Porter, vice-president of the Chemical National Bank; Albert H. Wiggin, vice-president of the National Park Bank; Gates W. McGarrah, president of the Leather Manufacturers' National Bank; Granville W. Garth, president of the Mechanics' National Bank; and Daniel G. Reid, the

capitalist, who was active in the affairs of the Liberty; these in addition, of course, to Mr. Converse; and to George W. Perkins, of J. P. Morgan & Co., who subscribed to a substantial block of the company's stock but was never active in its affairs. This initial group decided to enlarge the circle. They broached the idea to others and it found ready, nay eager, acceptance. The first plan of limiting the capital to \$500,000 had to be enlarged in order to create anything like enough stock to go round.

To make a long story short, the Bankers Trust Company was organized and launched on March 30, 1903, with a directorate including the men named above and thirteen others, all active and well-known in the American banking world.

The very small official staff had E. C. Converse as president; John F. Thompson, up to that time cashier of the Seaboard National Bank, as vice-president in charge; Thomas W. Lamont as secretary and treasurer; Daniel E. Pomeroy as assistant treasurer; and Leo H. McCall as assistant secretary. The chapter on Davison's boyhood days at Troy explains that Pomeroy was a cousin of Harry Davison's on both his father's and his mother's side, and that, as lads together, they went away to boarding school at Greylock Institute. When Harry left his job at Pomeroy Brothers' Bank at Troy, in order to seek his fortune, Pomeroy took his old desk there. Then, after Harry had made his way in the great world and had become the active head of the Liberty National Bank, which had need for a capable loan clerk, Davison brought Pomeroy on for that billet, which he filled with excellent ability. Counsel to the company were White & Case, George B. Case of that law firm being Davison's especially close friend and confidant.

Business started, as arranged, in the old offices of the Liberty National Bank at 143 Liberty St., and the shares of the company were so popular that on the day they were issued they sold at \$300 per share, just double the subscription price. The success of the institution may in part be indicated by these figures: on December 31, 1931, an original shareholder would have benefited by an appreciation of \$1,442. over the \$150. paid for his share, including the amounts realized from the sale of rights received during the interval; and by dividends which, meanwhile, were going on uninterruptedly.

Davison did not always spell it out in words, but what he wanted to realize for the Bankers Trust Company was an institution which, if it could have been personified, would be such a man as Davison proved himself to be throughout his life: active, fine, imaginative, cautious, yet full of courage—always looking the worst in the eye and daring any course that seemed constructive and helpful. That was the sort of institution which Davison longed that this offspring, the Bankers Trust Company, should become. That was the sort of institution which, under his leadership, it came to be. To help the Bankers Trust realize this ideal, Davison gave of himself unstintedly. He was always, as chairman of the executive committee, available for counsel by the active officers, and the elder Mr. Baker often said with a tolerant smile that he didn't know whether Davison was working first for the First National Bank or for the Bankers Trust Company.

But aside from his daily attention that he bestowed on the company, Davison, for almost ten consecutive years, gave up one whole evening a week to the affairs of the company. Almost all the members of the ex-

ecutive committee were active young bank officers like himself. So Davison proposed that, in order to give proper and thorough attention to the affairs of this lusty young banking infant of theirs, they meet uptown for dinner every Thursday at 6:30 o'clock, and devote the evening to the reports and work of the company. Thus, rain or shine, winter and summer, Davison and the other devoted members of that executive committee met and worked with the officers, reviewing what had been done and planning out the institution's future growth.

Davison, both at the time and in later years, often talked of the great importance that these meetings came to have, not only in the fostering of the Bankers Trust Company, but in developing the spirit of coöperation which the meetings inspired among the active, young leaders of the banking community. These men, themselves, before these dinner meetings had been under way for a twelvemonth, began to see their significance and the potentialities which they held for the benefit of the community. Many a critical situation in the commercial or banking world, which might otherwise have been precipitated on the public, was resolved by the foreknowledge possessed by one or another of this group, imparted confidentially in turn to all the others, and by the speedy remedies of coöperation and salvage then and there determined upon. It was largely because of the spirit of friendly coöperation and of personal intimacy, built up at these dinner meetings, that Davison was enabled, when the 1907 money panic broke out, to count upon the instant and unanimous help of this group for the work which he was deputed to lead, in the banking efforts to stay the storm.

Of course, these weekly dinners were an extraordinary inspiration and spur to the officers of the com-

pany. The companionship of Davison and his fellow directors was in itself delightful, and their experience and counsel were of inestimable value. One director would naturally spur on the other, and the extraordinary rapidity with which the Bankers Trust Company was built up in the first five years of its existence, from 1903 to 1908, was due not so much to the energy of its officers, who naturally gained much credit for it, but to the wonderful spirit and coöperation of the directors. And of these directors, as I say, Harry Davison was the foremost and the chief. He loved to talk of the Bankers Trust Company, he loved to work for it. It was the idol of his early manhood. It was the solace of his riper years. To the end it was in his daily thoughts.

As an illustration of the quickness with which Davison's mind worked, and of the intuitive decisions he seemed to make, perhaps I may be permitted to repeat George Case's story of how Davison chose me to become an officer of the Bankers Trust Company which he was organizing. Case says that Davison and he were returning to Englewood on one of those Northern Railroad of New Jersey suburban trains that amble slowly across the Hackensack Meadows, about ten o'clock in the evening—after all well-regulated commuters have long been safely in the bosoms of their families. Davison and Case had been staying in town for dinner with the other men interested in the organization of the Bankers Trust Company, and they had been discussing this very question of executive officers. I, too, as it so happened, had been kept in town and was going home that evening on the same train. Case says that Davison had just been saying: "We have enough banking talent for our official staff, but where in the world can we get that plain business man that

we want?" Just then I came strolling up the aisle. Davison gave Case a poke. "There's the man!" he said, and next morning he sent for me to make the proposal.

"I believe," said he to me, "that you are the man for our secretary and treasurer."

"But," I responded, "I don't know the first thing about banking. All my brief business life I have been borrowing money—not lending it."

"Fine!" retorted Davison, "that's just why we want you. A fearless borrower like you ought to make a prudent lender."

Davison was also the one who chose Benjamin Strong for the Bankers Trust Company. Strong, too, had been an Englewood neighbor. It was there that Davison and he first met in connection, as it happened, with the operation of the Englewood Hospital. Strong had worked in the banking firm of Cuyler, Morgan & Co. and from there had gone to the secretaryship of the Atlantic Trust Company. Upon the merger of that institution with the Metropolitan Trust Company, Strong had become secretary of the enlarged institution. None of the other directors of the Bankers Trust Company knew much of Strong but, as usual, Davison's idea was enough for them; and so on April 4, 1904, Benjamin Strong came into the company's official family. Although his progress was rapid and steady, he had comparatively little chance to come under the attention of the elder statesmen in banking until the time of the panic of 1907. We shall tell something of that, and of the part that Davison played in it, in a later chapter of this volume. But it may be proper to tell here something of Strong's work, and of how it bore on his later advancement.

In this later chapter, it will be explained how, early

in the run on the Trust Company of America and on the Lincoln Trust Company, in the autumn of 1907, the elder J. P. Morgan decided, with George F. Baker and James Stillman, that these institutions must, if solvent, be saved. And Davison had, as related, chosen Benjamin Strong to act as the head of a small committee whose work was to pass with accuracy and speed upon the value of the collateral securities which the two trust companies under fire were depositing, to secure the advances being made to them by the banking community under Mr. Morgan's leadership. During the rest of the panic, Strong spent a good part of his waking time at the offices of J. P. Morgan & Co. The bundles of collateral—demand loans, time loans, bills payable, syndicate loans, mortgages, and what not—all came tumbling in upon his desk. He had a sure eye and a strong flail, in separating the wheat from the chaff. He performed an extraordinarily valuable service.

From that time, Benjamin Strong was a marked man. When I succeeded Davison as a vice-president of the First National Bank in 1909, Strong became vice-president of the Bankers Trust Company, and was for five years the ranking executive officer under E. C. Converse, whom, in 1914, he succeeded as president. In the important conferences held in 1912 and 1913, by bankers and others who were coöperating with Congress in the reform of the country's banking system, Strong took an active part. He was a deep student of banking systems and problems the world over. With due respect for all the others, Davison believed that Paul M. Warburg and Strong were the most advanced students of these questions that the country had to furnish. Therefore, he was pleased—as was the financial community generally—when, in 1914, the year the

Federal Reserve System came into operation under the unforeseen stress of the Great War, Paul Warburg was chosen as vice-governor of the Federal Reserve Board at Washington, and Benjamin Strong was persuaded to undertake the organization and the governorship of the Federal Reserve Bank of New York.

The change meant heavy financial sacrifice for Strong; it meant too, that he had to take up work in an untried field. But the Strong whom in 1905 Davison, with his unvarying acumen for choosing useful men for important and waiting jobs, picked out for the Bankers Trust Company, was prepared for his new task. The organization and practices of the Federal Reserve Bank of New York, as established by Strong, have become the model—and this implies no derogation, whatsoever, of the personnel of the others—for the Reserve Banks generally. And we frequently hear it stated by the other Reserve Bank heads that Strong was the man who, during the stress of the War days and of the almost equally difficult reconstruction period, showed most clearly just how the Reserve Banks could function, in order to become, as they verily did, a bulwark of strength for all the country's industrial and commercial life.

It may not be amiss to set down here a few figures, just to show the importance and primacy of the workings of the Federal Reserve Bank of New York. The Bank opened its doors for business on November 16, 1914, with a paid-in capital of \$3,321,950; on December 31, 1928, shortly after Benjamin Strong's death, its capital was \$50,123,950, surplus \$71,281,905, deposits \$988,776,865, reserves \$738,738,422, chiefly gold against notes issued. These figures give some little idea of the material growth of the institution during the fourteen years of Benjamin Strong's administration.



This brief sketch of the Bankers Trust Company, in which I have spoken also of the genius and work of the late Benjamin Strong at the Federal Reserve Bank of New York, would be lacking if I failed to mention three of the moves, brought about under Davison's initiative, that were important in enlarging the institution's resources and scope. These were its absorption, respectively, of the Mercantile Trust Company on August 9, 1911, the Manhattan Trust Company on March 23, 1912, and the Astor Trust Company (this last a natural and inevitable move) on April 23, 1917.

The Mercantile Trust Company, located in the old Equitable Building, was popularly supposed to be under the influence of the Gould interests. It had an excellent business in corporate trusts and a highly respectable and solvent board of directors; but its management was somewhat lacking in the initiative and energy which the Bankers Trust people had been showing. At the time of the merger the Mercantile's capital, surplus, and undivided profits aggregated about \$8,500,000 and its deposits were \$66,000,000.

Another move by the rapidly growing Bankers Trust Company was its absorption, early in 1912, of the Manhattan Trust Company. This arrangement, although a natural development, was chiefly the result of propinquity. When the Bankers Trust Company purchased the fee of the land at the corner of Wall and Nassau Streets for its new building and home, it was able to do so only subject to a long lease which the Manhattan Trust Company had on that very corner. At first the plan was for the Manhattan to continue its separate existence, with quarters in the new building of its powerful rival. But before the building was completed and dedicated, in the spring of 1912, there was a sort of spontaneous combustion of thought on both

sides, and it was recognized that it would be better business all around to join the Manhattan and the Bankers. The business of the two companies was of a like nature, and they had many common interests. The question of personnel was not difficult. The head of the Manhattan was John I. Waterbury, who had succeeded Francis O. French some fifteen or twenty years before. Mr. Waterbury had been active with his friend, George F. Baker, in the affairs of the great American Telephone & Telegraph Company. On the board of directors were Mr. Baker himself and some close friends of his and Mr. Waterbury's—men like James J. Hill, Grant B. Schley, W. V. S. Thorne, Walter P. Bliss, H. W. Cannon, John Kean, and John J. Mitchell of Chicago. As a matter of fact, Mr. Baker was the one who most strongly urged the combination.

Lastly came the Astor, which from the start had been the adopted child, or rather ward, of the Bankers. This family figure is a little confusing at times! But at any rate Davison had been the leader in transforming the Astor National Bank into the Astor Trust Company, as explained in the following chapter. He had taken the same active interest in the affairs of the Astor as in those of the Bankers. He was the intimate personal friend of the Astor's officers. Hence an amalgamation had been almost sure to come some time. It had seemed certain to result in economies. To this marriage the Astor brought, as her modest dowry, \$2,800,000 of capital assets and \$39,000,000 of deposits.

So Davison lived to see that little institution of the Bankers Trust Company, that had started down in the Jersey Central building on West Street, with an active official staff of four persons and a clerical staff of only a half dozen, become one of the greatest insti-

tutions of the country, with total resources of \$391,-882,462.57 as of June 30, 1922, and with a record of having disbursed in dividends to its fortunate stockholders a total of almost \$37,000,000. The stately pinnacle of the Bankers Trust Building, soaring into the sky above its twenty-five stories, is almost an exact replica of the beautiful, classic tomb at Halicarnassus. But the building, with all that it stands for in sound banking and business, is a monument to Henry P. Davison. When the building was erected ten years before his death, the directors, desiring to record a word or two of their conviction, inscribed this on the stone tablet that adorns the wall of the president's room:

THE DIRECTORS OF THE BANKERS  
TRUST COMPANY HERE RECORD THEIR  
APPRECIATION OF THE SERVICES OF  
HENRY POMEROY DAVISON  
IN THE ORGANIZATION AND UPBUILDING  
OF THE COMPANY AND THE ERECTION  
OF ITS PERMANENT HOME.

And again, after his death, at the foot of the niche which holds his bust, we read:

HENRY POMEROY DAVISON  
FOUNDER OF THE  
BANKERS TRUST COMPANY  
MEMBER OF ITS BOARD OF DIRECTORS  
AND CHAIRMAN OF ITS EXECUTIVE  
COMMITTEE FROM THE ORGANIZATION  
OF THE COMPANY UNTIL HIS DEATH  
MAY 6, 1922.

## CHAPTER VII

### START OF ASTOR TRUST COMPANY

*A move to develop uptown business—Linking of the Astor National Bank with the Bankers Trust Company group—Davison's unique methods in choosing officials for the new institution*

THE formation of the Astor Trust Company early in 1907 (afterwards, on April 23, 1917, merged with the Bankers Trust Company) was a second banking move that was a logical sequence of that association of young bankers that began with the organization of the Bankers Trust Company. That institution was only three years old—it was founded in 1903—when its sponsors, looking towards the future, began talking of the advisability of organizing an uptown branch. Albert Wiggin especially urged the growing importance of the uptown district as a field for legitimate trust business although, as he pointed out, any branch established uptown would undoubtedly be obliged to enter the commercial field. This point led the Bankers Trust Company directors to hesitate because, many of them being active executive officers of commercial banks to which they owed their first allegiance, they naturally were slow to encourage the Bankers Trust Company to invade their own field.

Just as the subject was being debated back and forth, Davison, who had been consulting George F. Baker, without whose advice he never undertook any important banking step, reported an interesting suggestion from Mr. Baker. This was to the effect that he

and the other chief owners of the Astor National Bank, which was located on 34th Street, just west of Fifth Avenue, might be willing to consider a sale of their stock, to be paid for in large part or in whole with the shares of a new trust company to be formed by the Bankers Trust group. Mr. Baker further suggested that the new company take over, with the business of the Astor Bank, also its name, which represented a very considerable good will; not only because it implied the solidity and backing of an old New York family which for some generations had enjoyed a reputation for solvency, but because the bank had a goodly clientage accustomed to the name.

So the Astor Trust Company was organized, and on March 18, 1907, it opened its doors for business at Fifth Avenue and 36th Street.

Among the leading shareholders of the Astor National Bank were Mr. Baker; Charles A. Peabody, the family lawyer and estate adviser of the Astor family for years, who had a year or two before accepted the presidency of the Mutual Life Insurance Company; Colonel John Jacob Astor, whose son, Vincent Astor, later took his place on the board; and Alexander H. Stevens, who had been vice-president in charge of the Astor National, a man already advanced in years and ripeness of experience.

The directorate of the Astor Trust Company was first made up largely of the members of the executive committee of the Bankers Trust Company board. The idea was that, constituting also the executive committee of the Astor, they would economize time by sitting in joint session for the two companies. Supplementing this group and those whom I have mentioned, the following took seats on the board of the new company: Stephen Baker, president of the Bank of the Manhattan

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Company, George B. Case, of the law firm of White & Case, Thomas Cochran and Seward Prosser, vice-presidents of the new company, John I. Downey, Harrison E. Gawtry, Robert Walton Goelet, Adrian Iselin, Jr., Roy H. Rainey, Douglas Robinson and Archibald D. Russell.

For the new Astor Trust Company, the banking rooms at 36th Street were so limited that it was plainly inevitable that at some time in the future, if the company grew, additional quarters would have to be provided. But for the time being, it was agreed that the old, brownstone front, outwardly still a dwelling but inside a modern bank, would serve the purpose; although at the board meetings held in the beautiful ballroom of this old-time Lorillard mansion looking out on 36th Street, we sometimes used to wonder what the shades of those bustling dancers of the Age of Innocence were thinking, as they peered in upon this aggregation of twentieth-century business men.

The heads of the executive staff of the new Astor Trust Company were full of energy, and they had every quality of kindness, directness, and cautious judgment that went with their energy. We called them from the start "The Astor Twins." They were born into a vice-presidency at one and the same moment. These men were Erastus Seward Prosser and Thomas Cochran. Their choice as joint managers of the Astor is another apt illustration of Harry Davison's method of thought and execution.

First, as to Prosser: Davison had for several years been attracted by his personality and his ways. They had become acquainted as residents of Englewood. Then one day Seward Prosser dropped down at Harry's vice-presidential desk at the First National and kindly offered to write some insurance on his life, in behalf

of the Equitable Life, of which Prosser was already one of the leading metropolitan agents. Now Davison thought he had all the life insurance that he wanted or could carry; but Prosser knew otherwise. After a comparatively brief talk, Harry woke up to the fact that he was wrong and Seward was right. This was an eye-opener for the active, young vice-president of the First National. He had had an idea that his own judgment as to insurance on his own life was to be relied upon; but he found that Prosser's judgment on that score was much better than his. And Prosser had effected the sale so jocosely and delightfully that he left Davison with the happy impression that he was a better and healthier and wiser man than ever before. From that time Prosser was in Davison's keen mind a marked man.

As soon as Davison had attached a man to any enterprise in which he was interested, he made a friend of that man, and was apt, as well, to utilize his capacities in directions of public or semi-public service. In his war management of the American Red Cross, Davison very notably exhibited this canny trait of his, and frequently we had evidence of it in other ways. For example, in 1903 Davison undertook the presidency of the Englewood Hospital, the leading charity of that New Jersey town. Its plant and equipment had fallen far behind its needs, and Davison was the one man in all Englewood to give it the big push it needed. Ever since its foundation the hospital had been run on a small scale. Davison now determined to put it in a way to render the community a much greater service. He decided that much heavier support should come to the hospital from the community at large, and the best practical plan presented for raising money was to

set all the Northern Valley agog with a circus, conducted chiefly by local stars.

Without a moment's hesitation, Davison asked Vice-President Prosser of the Astor to undertake the entire management of the circus. It was, to tell the truth, a heavy task of organization, with a thousand and one annoying details to look after, a score of committees to appoint and keep going, and above all, the necessity of maintaining a sort of serio-comic leadership that would capture all sorts of helpers from all sorts of quarters. Prosser carried through the whole affair wonderfully. It was an immense success and for the time being the hospital was put on "easy street." Of course, a privately endowed hospital never stays long in such a state of financial comfort. And Davison had to keep at the work all the time. But when, in 1909, he left Englewood permanently, in order to make his home on Long Island, he had brought the hospital up to a high state of efficiency, and at the end he cleared off all its floating debt with a substantial personal donation.

Apparently, the quality about Seward Prosser that most appealed to Harry Davison was a generosity of heart, a mind swept clean with a fine, wholesome breeze of candor and common sense. Seward Prosser, Harry knew, was never petty in anything he thought or undertook. It was that breadth of outlook that attracted Davison—that and a singular loyalty; for Seward would cheerfully have gone to the stake for Harry.

It is perhaps worth noting that thirteen years later, after Davison's death, when a new and much greater hospital campaign had to be undertaken in Englewood, Seward Prosser was the active head of it. It was, of course, an extraordinary success, the total of the fund exceeding the highest estimates; and of the \$800,000



pledged for a new hospital, the sum of \$230,000 was given by Harry Davison's old friends and neighbors to erect the new main-building in his memory. Thirteen years had passed away since Davison had moved from Englewood in the autumn of 1909, but there, among his old townsfolk, his memory remained and still remains warm and vivid.

The selection of Thomas Cochran, as a vice-president and joint-manager of the Astor Trust Company, came about in this way. One noon, some weeks prior to the organization of the company, Harry Davison asked Albert Wiggin, Gates McGarrah, and me to lunch with him at the Lawyers' Club, then located in the old Equitable Building (which was destroyed by fire in 1912). Davison proposed and urged the selection of Seward Prosser as executive head of the new Astor.

"He doesn't know anything about banking," said Davison, "but then, Tom," turning to me, "neither did you when you entered the Bankers Trust, and yet you still hold a job." After discussing the matter back and forth we were all agreed that Prosser would fill the bill.

"But," I added, "I must say I have a hankering for George Case's friend, Tom Cochran. He has a certain quality that the Astor will need. I wish it had been possible to use him."

Quick as a flash, Davison turned his eyes upon me. "I think you're right, Tom," he said, "we'll have them both, and we'll call them the 'Astor Twins.'"

That was a first-rate example of the way Harry Davison's mind worked. It never would have occurred to the rest of us to suggest, for a corporation, a joint leadership equal in official rank and salary. But Davison's intuition touched just the right point. The combination of Prosser and Cochran proved most happy.

Each complemented and served the other. Each admired his fellow. Not the slightest tinge of jealousy or unfriendly rivalry ever colored their relations and their long, intimate friendship.

In February, 1912, Prosser was drafted from the Astor to come downtown and head the Liberty National. This was upon the death of Frederick B. Schenck, who had succeeded Mr. Converse as head of the Liberty on January 8, 1907, an overnight arrangement which gave Mr. Schenck (then president of the Mercantile National Bank), the chance which he ardently desired. Prosser, after again proving his capacity as head of the Liberty, was, in October, 1914, drafted into still larger fields as chief executive of the Bankers Trust Company, whose senior officer he is today. Cochran in turn succeeded Prosser as president of the Liberty National, on October 6, 1914. So excellent was his work there, so sure his touch, that, in 1915, he was invited to become a member of J. P. Morgan & Co.

## CHAPTER VIII

### THE MONEY PANIC OF 1907

*Warning signs of trouble—Outbreak of runs by depositors—Failure of Knickerbocker Trust Company—Efforts to save institutions under fire—The vivid story as told by Benjamin Strong—Tennessee Coal and Iron Company crisis—The final all-night session at the Morgan Library—Saving of the situation*

ALTHOUGH there had been many danger signals flying, the terrific money panic of 1907 came as a storm which the country as a whole was unprepared to meet. Students of our archaic banking and currency system had continued to point out how serious its defects might prove in the event of any great or sudden money strain. But to the public all such discussion seemed then to be academic, and its sponsors were pooh-poohed as alarmists. Demagogues have been inclined to attribute the whole trouble of that time to the wiles of crafty men, working in their own interests. But even the most casual study of world history, through the few years preceding the currency collapse, will show the gradual piling up of events bearing down heavily upon the world's economy.

To go back somewhat, it will be recalled that the year 1903 had been a period of declining values. From that slough the country's industry and business gradually emerged until, in both commodities and securities, speculation in 1905 and 1906 had assumed serious proportions—proportions too great for the money markets to cope with. There had been a considerable exhaus-

tion of capital and much disturbance on the world's money markets as a result of the costly Japanese-Russian War, the settlement of which (at the Treaty of Portsmouth) was satisfactory to neither party to the conflict. Then, with dire effect, came the San Francisco earthquake and fire of April, 1906. The drain caused by the fire upon many insurance companies, and then upon the banking community, perceptibly tightened the money market. Rates through the summer and early autumn of 1907 on the New York call money market ranged through wide fluctuations such as these:

	<i>Range</i>		
June .....	1¼%	12	%
July .....	2	16	"
August .....	1¾	6	"
September .....	1	6½	"

Even with all this there was uneasiness but not alarm. "Business as usual" and active operations for the rise on the stock exchanges were still the rule.

The storm was precipitated by what at first seemed to be an unimportant occurrence. But, just as the legendary cow kicked over the lamp and caused the great Chicago fire of 1871, so a seemingly minor episode started this series of troubles. Some of the depositors of an uptown trust company (the Knickerbocker), the operations of which had not been on a great scale, became concerned and started to withdraw their deposits. Help was a little slow in being mobilized, and before the community woke up, there was a run on the bank. This was on October 22, and that day call money went to 70%. Within twenty-four hours the rate had shot up to 125%, and the run had spread to affiliated institutions, notably the Trust Company of

America, whose chief offices were located in Wall Street, and the Lincoln Trust Company, located uptown.

By this time people were thoroughly alarmed, and runs started on many deposit banks all over the country. At once the inelastic system of the old national bank act showed its defects. The banks had no central bank of issue to turn to, and most of them, deeming their fifteen or twenty per cent cash reserves as sacred, rather than as resources to be used in such cases of emergency as these, tightened up, pulled in their purse strings and refused to pay out cash freely. This policy added fuel to the flames, and directly the country found itself in the throes of a first-class money panic—a shortage of currency for all purposes—with consequent sharp curtailment of business and industry. Stock exchange values fell with a crash. Call loans became frozen, and the banks fell back on the old and always disturbing device of clearing house certificates.

The elder Mr. Morgan hurried home from Bar Harbor. This was in October, 1907. At once he organized a rescue party, the three chief figures of which were himself, George F. Baker, and James Stillman of the National City Bank. The story of their indefatigable work has been frequently told, but not so often that of the younger men upon whom fell the heavy task of carrying out the policies which their elders laid down. Of this younger group, George W. Perkins, a partner in the Morgan firm, and Harry Davison, the vice-president of the First National Bank, were the most active. Davison, in turn, arranged the co-operation of the younger group of bankers associated with him on the executive committee of the Bankers Trust Company. For four years, as I have explained, these men had met weekly for dinner, in their work of guid-

ing and helping to build up the trust company. They had gained a common experience and a mutual confidence that, in times of stress, proved most helpful and effective. In addition Davison called in some of his juniors as aides. From one of these I am going to quote largely: Benjamin Strong, then secretary of the four-year-old Bankers Trust Company, later its president; and from 1916 until his death in October, 1928, the powerful head of the Federal Reserve Bank of New York.

In the early part of his narrative covering panic conditions, Strong mentions the apparent suddenness with which the financial storm burst upon the community. He explains that shortly after the run upon the Knickerbocker Trust Company had started, Davison drafted him and some others to make a hasty examination of the Company's affairs, in the hope of finding sufficient free assets available for a loan to ride through the storm. But the task was too complicated, and the Company's liquid resources too limited, to afford time for this plan to work out. Before even an adequate report could be made, the Knickerbocker had closed its doors.

From that time on, as has been indicated, the rescue forces concentrated their attention largely upon the Trust Company of America and, in perhaps less degree, upon the Lincoln Trust Company. Strong's force of examiners, made up of some of the especially competent junior officers from several of the other banks, started in at once to examine the affairs of the Trust Company of America. Late on the same afternoon Strong went to the Morgan offices to try to make a preliminary report to Mr. Morgan, and to the trust company presidents who had been summoned by Mr. Morgan to form some sort of concert in behalf of this

other trust company which was in trouble. This is the way Strong describes that interview:

At the Morgan offices the trust company presidents were meeting in the front room, but when I went in Davison and George Perkins took me into the rear room where I found Mr. Morgan, Mr. Baker, and Mr. Stillman. And then Mr. Morgan made one of his characteristic remarks, so much to the point, and so effective in results. He said to me:

"Have you anyone with you who can make a report to the gentlemen in the next room? They are the presidents of the trust companies. But when they came into the office they had to be introduced to one another, and I don't think much can be expected from them!"

In answer to his questions I told Mr. Morgan that I was satisfied that the Trust Company of America was solvent; that I thought its surplus had been pretty much wiped out; but that the capital was not greatly impaired, if at all, although, were the company to be liquidated, there were many assets which it would take some years finally to convert into cash. Mr. Morgan asked me if the bankers would be justified in seeing the company through, and I told him that that was my best opinion. Turning to Mr. Baker and Mr. Stillman, he said: "This, then, is the place to stop this trouble." But in the whole course of our meeting, which may have lasted for three-quarters of an hour, I doubt if Mr. Morgan spoke more than five or six times.

After describing the work of the examining committee, of which he was the head, and the long, all-

night vigils during which it worked, Strong explains that at last, after the Committee's report had been rendered, the initial loan of \$10,000,000 for the Trust Company of America was arranged and the situation tidied over. Then his narrative goes on as follows:

The real crisis of the 1907 panic came on Friday morning, November 1, when it became known that, owing to the market decline in the price of the shares of the Tennessee Coal and Iron Company, Messrs. Moore & Schley, one of the largest New York Stock Exchange houses, might be forced into bankruptcy, with consequent serious embarrassment to banks from which this house was borrowing heavily against the Coal and Iron shares as collateral.\* A few days before that it had also become apparent that the money, so far loaned to the Trust Company of America, was not going to be enough to see the Company through.

Consequently I returned with the committee to the Trust Company's office to make another examination and ascertain whether there were sufficient collateral left to secure another loan. We started,

\* This was the situation that led Judge Elbert Gary, Chairman of the United States Steel Corporation, to take his hurried midnight journey to Washington to lay the situation before President Roosevelt. The episode has been well described in Miss Tarbell's biography of Judge Gary. The point, obviously, was to ascertain whether, in the view of the Administration, the United States Steel Corporation might acquire control of the Tennessee Coal and Iron Company without running afoul of the Sherman Act. While, clearly the Administration could not possibly give any authority for the acquisition, its view seemed to be that, under the prevailing desperate conditions, the United States Steel Corporation would be warranted in acquiring the Tennessee shares. As a matter of fact, the Government did not take any steps to upset this particular acquisition prior to its comprehensive suit against the Corporation in 1912, presumably because the properties of the acquired corporation were located in a region where the Steel Corporation had practically no plants. Therefore, no question of suppressing competition in that region could arise.



as I recall, on a Friday and worked without sleeping, or even leaving the building, until Saturday afternoon. After the figures were completed I was to meet Davison and go over the results, before proceeding to Mr. Morgan's Library to make another report, at 9 o'clock on this eventful Saturday night.

There were certain matters in which Mr. Thomas F. Ryan was concerned, in connection with the proposal to make to the Trust Company a new loan. Mr. Ryan arrived with Harry at about 8:30 P.M., and we went over every item in the report together. When we had finished Harry was convinced, as I had been all along, that the equity in the Trust Company of America amounted to about \$2,000,000.

At about 9 o'clock I went down to Mr. Morgan's Library, and found there assembled in the East Room representatives of the Clearing House banks, in the West Room representatives of the trust companies. As I went in I saw Judge Gary, Controller Filbert of the Steel Corporation, and Mr. Lewis Cass Ledyard go into the rear room to join Mr. Morgan. Knowing of the Tennessee Coal and Iron situation, I felt satisfied that something had gone wrong. Harry, I think, for the first time felt some sense of discouragement. He told me that Mr. Morgan was convinced that \$25,000,000 more was required to deal with the trust company situation alone, and that the Tennessee matter would take an additional \$25,000,000. And in those days \$50,000,000 looked large indeed, in contrast with such figures as those to which we are now accustomed.

Finally, towards midnight, Mr. Edwin S. Marston, President of the Farmers Loan and Trust Company, was called from our room to see Mr. Morgan. Up

to that time nothing but desultory conversation had taken place among the bank representatives. I had a long talk with Mr. Ledyard and Judge Morgan O'Brien as to possible legal complications in case another loan were made to the Trust Company of America. At first Mr. Ledyard had some question as to whether such a loan might not be an act of bankruptcy, and might not subject the Trust Company to bankruptcy proceedings by any creditor at any time; especially as the policy of the Trust Company had been to keep messengers in line waiting for long periods before paying checks. Sometimes the delay would continue all day and from day to day, and the Company might pay no more than one messenger in a day, if he presented a large amount of items. Means were suggested, however, for meeting the legal difficulty which seemed to satisfy Mr. Ledyard. But still nothing was known as to Mr. Morgan's intentions, and no progress could be made toward raising the new loan.

After an absence of nearly an hour, Mr. Marston finally returned to the group, looking very grave, and said that he had been summoned by Mr. Morgan to listen to an explanation of another situation which had arisen and which he was not at liberty to disclose. This new situation (Tennessee) would require the use of at least \$25,000,000. He added that Mr. Morgan had made arrangements to handle that situation contingent, however, upon the trust company presidents agreeing to raise not less than \$25,000,000, so as adequately to meet the trust company difficulties. Mr. Morgan was naturally unwilling to proceed with the other matter, with the possibility of a complete banking collapse which would render

his efforts futile. This statement by Mr. Marston filled the trust company heads with consternation.

Before I was asked to make a report on the result of the last examination of the Trust Company of America, I had dozed off to sleep, sitting on a lounge next to Mr. James Stillman. I recall his asking me when I had last been in bed, and when I told him the previous Thursday night, he said the country wasn't going to smash if I went home to bed. But just then I was called on to report the situation in the Trust Company of America, the figures as to which I had for the first time, I felt, gained an accurate idea of. This must have been about 3 o'clock in the morning. Having made my report, I went to the front door to go home and found it locked.

It was indeed true that Mr. Morgan, having assembled the men to deal with a perilous situation, had had the door to the Library locked, and the key was in his own pocket. The result was that the doors were not finally opened until sufficient assurances had been given that the all-necessary loan would be forthcoming, and I left the Library to walk up Madison Avenue with Mr. Baker at exactly a quarter to five Sunday morning. I had no opportunity then to discuss the locked door incident with Davison, but when I did, it struck him as a most humorous exhibition of Mr. Morgan's peculiar insight into human nature. There wasn't going to be any mistake that night. He intended that all should stay to the end of the party!

I venture to interrupt Benjamin Strong's narrative in order to point out that this was, of course, the famous all-night meeting that has become one of the traditions

of the late Mr. Morgan's career. It so happened that I was summoned by Davison to attend this particular, plenary session of bankers at the Morgan Library. But I did not arrive until towards midnight. The scene was just as Ben Strong has described it. A more incongruous meeting place for anxious bankers could hardly be imagined: in one room—lofty, magnificent—tapestries hanging on the walls, rare Bibles and illuminated manuscripts of the Middle Ages filling the cases; in another, that collection of the Early Renaissance masters—Castagno, Ghirlandaio, Perugino, to mention only a few—the huge open fire, the door just ajar to the holy of holies where the original manuscripts were safeguarded. And, as I say, an anxious throng of bankers, too uneasy to sit down or converse at ease, pacing through the long marble hall and up and down the high-ceilinged rooms, with their cinquecento background, waiting for the momentous decisions of the modern Medici.

President Edward King of the Union Trust Company had by common consent been selected as the leader or dean of the trust company presidents. Mr. Morgan pointed out to him, as to his fellow executives, that action must be taken, that the fresh loan of \$25,000,000 to the Trust Company of America must be raised or the walls of their own edifices might come crumbling about their ears. He pointed out that, while he could not vouch for the figures, the experts (Benjamin Strong and his associates) had just reported that the Trust Company was solvent and that, therefore, no loss ought to result from this loan (as the event proved to be the case); and that as the Clearing House banks (at that time the trust companies were not members of the Clearing House) were looking after the general situa-

tion, including the Tennessee Coal and Iron difficulty, it necessarily devolved on the trust companies to look after their own, so to speak.

Yet the trust company presidents were reluctant to act. They felt that, in the absence of their directors, they had no authority to commit their institutions. They questioned whether their first duty was not to conserve all their assets for the storm which, despite everything, might burst upon them. Mr. Morgan understood well enough their situation. Inwardly he sympathized with them. But he had a task to accomplish. The situation must not get further out of hand. It had to be saved. Briefly he pointed out the chief factors in the situation. He said he was satisfied that, if each trust company president present signed for an amount, computed fairly on the basis of his company's resources, etc., the several boards of directors would surely ratify the action.

By this time Mr. Ledyard, Judge O'Brien and other lawyers had agreed upon the form of a simple subscription blank to make up the total loan of \$25,000,000. One of them read it aloud to the assembled bankers. Then they laid it on the table. Mr. Morgan waved his hand invitingly towards the paper. "There you are, gentlemen," he said.

The bankers shifted from one foot to another, but no one stepped forward. Mr. Morgan waited a few moments. Then he put his hand on the shoulder of his friend, Edward King, and gently urged him forward. "There's the place, King," he said kindly, but firmly, "and here's the pen," placing a handsome gold pen in Mr. King's fingers. Mr. King signed. The ice was broken. They all signed. Mr. King had been no more hesitant or less courageous than the others. It

had simply fallen to his lot to lead off. When the final moment came, he went forward.

Strong concludes his story by saying:

My impressions of Harry's work during all of that anxious period are almost as vivid today (1924) as they were seventeen years ago. He was the commanding general over the forces in the field. Behind him was the general staff, principally Mr. Morgan, Mr. Baker and Mr. Stillman. Harry was throwing his forces, that is, the various elements in the organization, at one task after another and listening to the results of the action whatever it might have been. There were at least twelve institutions being specially administered in one way or another during all of that period. Each one presented problems, the most serious of which, indeed, were not alone questions of security, but those of personality, prejudice and sometimes selfishness and timidity. It was in dealing with the human equation that Harry's supreme talent was shown. He reconciled differences of view, calmed the uneasy and anxious; he inspired the timid, sometimes disciplined the cowardly, but with it all his courage never flagged, his industry was unceasing and his good temper never failed him.

In commenting elsewhere upon Davison's work in the 1907 panic Strong said:

How accurate Davison's judgment was, did not fully disclose itself until the climax which developed in the New York banking situation in 1907. Nor was the first fruit of his work realized until, with the shock of the panic past in 1911, the trust companies

finally became members of the New York Clearing House Association, largely under the leadership of the men associated in the Bankers Trust Company, and in accordance with a purpose which Harry had long had in mind.

There can be no question that it was Davison's work in the 1907 panic that first attracted the elder Mr. Morgan's particular attention to him, and started his thoughts moving in the direction of inviting Davison to become a member of the Morgan firm.

In my mention of the elder Mr. Morgan in this volume, I have dwelt particularly upon those phases of his career which came under my personal observation or which were described to me by Harry Davison. The incidents which I have narrated relate particularly to certain concrete instances, where the late Mr. Morgan undertook some difficult task of financial rescue for the good of the public as a whole. In dwelling on these matters, I should not give the impression that he always neglected his own affairs in order to serve those of his fellows. But the period when Davison and I knew him was after he had reached the age of three score years and ten. By that time, his work of up-building in railroading and in industry was fairly in the past. The question of profit or loss had clearly become secondary with him. He had retired from his place as chief executive of his firm and had become the elderly—but exceedingly keen—counselor, ready at a moment's notice to enter the fray again, if his active presence were required.

His last great and active participation in the country's affairs was in this very money panic of 1907. That was seven years before the organization of the Federal

Reserve banking system, and there was no official and recognized leadership in the banking world as there is now—constituted, as such leadership is, in the Federal Reserve Bank of New York and the Federal Reserve Board at Washington. Hence, by reason of the fact that, for at least two generations prior to 1907, Mr. Morgan had always been the rallying point, the port of safety in storm and stress, the financial and even the banking community looked to him as its natural and inevitable leader.

And in times of trouble he was superb. The story of his part in the quelling of the 1907 panic has been told in a sketchy way many times by word of mouth. It ought to be set down for the record some time, before all of Mr. Morgan's intimate associates in the work of those feverish autumn days of 1907 have passed completely from the scene. But from my own limited personal experience at the time, from the firm's records, and from the testimony of my partner, Charles Steele who, himself a wise and courageous counselor, was at Mr. Morgan's elbow throughout the whole period, it is not too much to say that our late senior was almost recklessly prodigal of the firm's resources, if he thought the utilization of them could be made to help stem the tide of disaster. He seemed to care not a whit what losses he and his partners might suffer, if only the situation could be saved. And at no time throughout the entire crisis did he harbor any thought other than that the difficulties must, and finally would, certainly be overcome.

One characteristic of Mr. Morgan's was manifested at the height of the panic, in his absolute determination to save the credit of the City of New York. The authorities of the City have rarely utilized the good offices of the Morgan firm, except in times of crisis. The latest



one was in January and February of 1932; before that in August and September of 1914 (as described in the chapter in this volume contributed by Dwight W. Morrow); and still further back in the dark days of 1907.

It was on a Sunday, October 27, in that year, that it developed that New York City was facing a financial crisis. Something like thirty million dollars of short term obligations were coming due, and there was no prospect of renewing them. The money market was completely disorganized. The rates for call money were fluctuating wildly, and, on one or two days, the renewal rate on the New York Stock Exchange had run up as high as 150% per annum. But the moment that the elder Mr. Morgan had heard the story from Mayor McClellan and the other City officials, he undertook to meet the danger.

He thought over the problem for a full forty-eight hours. Then he invited the Mayor and other City officials to his library. After a brief discussion, Mr. Morgan sat down at his desk, picked up a pen and began to write.

Fifteen minutes or so passed. Then he gathered the loose sheets and handed them to his banking associates present, George F. Baker and James Stillman, and to his counsel, F. L. Stetson. The writing constituted a draft of a contract. Under its terms Mr. Morgan agreed to furnish the City with the thirty million dollars required. The contract that he had drawn was so complete in both substance and form that it was accepted at once by the Mayor and his legal advisers, as well as by the bankers.

Neither Mr. Morgan nor his banking associates knew then just where the money was coming from for the fulfillment of the contract, but before the next twenty-four hours had passed they had completed their plans, and

1/2 - 7 AM J.P.M. Morgan

Oct 29. 1907

The Library  
Thirty-three East Thirty-sixth Street

The Syndicate Group  
\$3,000,000 City Revenue  
Bonds

Running 4 to 12 months  
at option of syndicate. I understand  
with option of \$2,000,000  
additional within 15 January  
at per -

The bonds to be issued  
\$1000 or multiple thereof  
+ or the equivalent thereof  
payable in Sterling @ \$4.83.  
The rate to be 6% per  
annum -

J.P.M. 7 AM



the City's credit was saved at a time when banking and corporate structures all over the country were falling to the ground.

This particular document—Mr. Morgan's draft contract with the City, written off in a few minutes and under great pressure from outside events—has always been considered as a unique performance under the extraordinary conditions prevailing at the time.

Just as, in the course of the 1907 panic, Harry Davison first came to the favorable attention of our late Senior, so in turn that series of dramatic events gave Davison his first real glimpse of a great leader in action. Up to that autumn of 1907, Davison had been accustomed to meet Mr. Morgan only at the monthly meetings of the directors of the First National Bank. He had never worked with, or under him. Thus the clarity of his purposes and his constructive will came almost as a personal revelation to Davison. He was filled with admiration for what he saw being accomplished. His imagination was kindled. Mr. Morgan was for Davison no longer a name, a mysterious power: he became a human being, living, vital, stimulating, commanding. A full twelvemonth rolled around before Mr. Morgan asked him to enter the firm. But when the invitation came, it was from a man for whom he had already conceived not only an admiration that was almost reverence, but a strong personal attachment.

## CHAPTER IX

### WORK FOR BANKING REFORM

*Adviser to the United States Monetary Commission—Important hearings in Europe under Senator Aldrich's leadership—Jekyll Island Conference—The drafting of the Aldrich reform bill—Paul Warburg's narrative—Final organization of the Federal Reserve System—Some of its developments—Glaring defects in the country's present banking system—Halting progress towards banking stability*

NO CIVILIZED country of modern times has suffered so cruelly from unscientific and inefficient currency and banking systems as has the United States in the last hundred and forty-five years. Within that period the country has gone through a long series of banking collapses, due largely to like causes, and bringing to the American community prodigious losses. The money panic of 1907, certain phases of which I have described in the preceding chapter, was but another in the long series of disasters. The serious banking troubles of 1931 added another chapter to the melancholy record; and unfortunate developments of even more recent date have only served to accentuate the situation.

It took seven years, following the disastrous currency panic of 1907, to bring about banking reform sufficient to get the Federal Reserve System established. Obviously, the country cannot wait another seven years to bring about the changes necessary to prevent a recurrence of its more recent difficulties.

But, contrary to the expressed opinion of many persons, this sad history has been due not to the machina-

tions or deviltry of men or of groups of men ; but largely to the inherent conditions surrounding the astonishingly rapid development of a whole continent. In banking, the country's experience and mobile resources have never kept pace with its expansion and with its changing conditions. Unwise, reckless and, in occasional individual instances, dishonest management have added to the difficulties. Today, in the Federal Reserve System, we have a thoroughly scientific and sound foundation. But the System's scope is not yet broad enough, and the ills which the community has suffered in the last three years show clearly enough how much still remains to be remedied.

For a century and a quarter attempts to develop a scientific banking system were generally blocked by the country's deep-seated and continuing distrust of centralized banking, despite the success of such banking systems in Great Britain, France and other European countries as well as in Canada. The (First) Bank of the United States operated from 1791 up to 1811, and the Second Bank of the United States from 1816 to 1836, when Congress, with President Andrew Jackson goading it on, finally refused to renew its charter. The operations of both these banks had, on the whole, been so helpful that, if they could have been continued, our whole currency and banking history would have been far different.

In the periods following the closing of these two institutions, wild-cat banking ran riot and confusion reigned. Mushroom institutions sprang up throughout the country. Many of them, without even a dollar of paid-in capital, issued their notes and then when times became difficult repudiated them with what, for those early days, were desperately heavy losses for the community to bear.

The panic of 1837, which is historic in its extent and fury, came largely as a result of the mad inflation caused by the hastily formed banks, operating with none of the restraints that would normally be exercised by a centralized banking authority.

In the following twenty years, some slight progress in method was made, especially at the large centres where clearing house associations began to be established (New York City's in 1853), and began to exercise a certain restraining influence. Yet during this period, there came into existence hundreds of new, note-issuing banks, their charters being granted by the States. And when, following the collapse of the railway-building boom, the panic and depression of 1857 arrived, scores of these banks again went through the process of repudiating their note issues. And again the guileless public, which is so slow to profit even by its own experience, suffered grievous losses from the appalling number of bank failures.

The Civil War helped in a way to establish, for the first time in our history, a national banking system and a national system of uniform currency. For after the Federal Government, totally underestimating the duration and cost of the war, had failed to levy sufficient taxes and had given itself over to the huge issues of unsupported greenbacks, it saw—or at least its Secretary of the Treasury, Salmon Portland Chase, saw—the financial abyss towards which affairs were swiftly trending.

As a result, and as a consequence of the need to facilitate the sale of Government bonds for war purposes, there was enacted the National Currency Act of 1863-'64, which provided for the organization of banks under a Federal charter, and for a circulating medium secured by the deposit of United States Government

bonds by these national banks. By successive enactments for the taxation of State banks, many such institutions were gradually forced into the national system, State bank notes being taxed out of existence. Thus, clumsy as it was, a uniform currency was provided. This was the system which, working well enough in prosperous times and badly enough in times of stress or fear, carried on until the Federal Reserve System was established in 1914. The National Currency Act was never repealed, and there is still a substantial amount of national bank-note circulation outstanding under its provisions, with some increase recently by virtue of the Glass-Borah amendment; the purposes of which I shall explain a little later.

The panic and depression of 1873 and the years just following came as an inevitable result of the repercussions and dislocations of the Civil War, and of the greenback inflation that accompanied and followed it. During a good part of the years following, the country was so busily engaged in other measures, designed to establish the national finance upon a sound basis, that banking reform came slowly and haltingly. The fight for the resumption of specie payments by the Government was won in 1878. Then the struggle for sound money as against free silver had to be fought out. That was won in the McKinley-Bryan campaign of 1896. Meanwhile, in 1884 and 1893, the country again suffered widespread and severe banking troubles, with a climax in the disastrous currency panic of 1907.

My object, in thus briefly sketching the vicissitudes of our American currency and banking systems, and in pointing out the melancholy losses of a long-suffering people, is to provide the background for what I have to tell about Davison's work for currency reform and the part that he took in it.



One might almost have begun to think that the American people had become completely hardened to their currency troubles. But the sudden and shocking money panic of 1907, with banks failing all over the land, aroused the country, as no similar trouble had ever done before, to the urgent necessity of revising its currency system. It had become obvious how stupid a thing it was, for a nation of the size and resources of the United States, to undergo these recurring spasms when countries of Europe, with far less resources, were able, by means of a more scientific currency mechanism, largely to avoid such cataclysms. With these banking failures on every side, sober men had begun to realize more fully than before how anomalous and inexcusable was the spectacle in 1907 of such institutions as the Knickerbocker Trust Company and others going "over the dam," while scores of institutions around them, with ample liquid resources, were able to afford aid only with the greatest difficulty. The trouble was, as we have seen in the previous chapter, that there was no central or coördinating banking unit that could serve as a rallying point for reserve strength and coöperation. In the existing system, there was practically no elasticity whatever.

This public feeling, manifesting itself in Congress, was responsible for the appointment early in 1908 of the National Monetary Commission, made up of members of both houses of Congress, with Senator Aldrich, of Rhode Island, acting as chairman. Senator Aldrich had met Davison several times and had recognized in him the type of banking leadership so essential in the coming generation, then in its thirties and forties. He invited Davison to become the Commission's adviser—not a technical adviser, but one who could bring to bear on the Commission's study a commonsense knowl-

edge of banking as it was practised in the financial centre of the United States.

Davison had never been a profound student of the Continental banking systems, but he at once set to work with textbooks, and by the time the Commission had crossed the ocean (August, 1908) he had an excellent working knowledge of the main points of the systems which the Commission was to explore. Incidentally, it might be explained that in this inquiry abroad the Commission, which had a large membership, was actually represented by a sub-committee. The Commission, thus constituted, held sittings first at the Bank of England and then in the leading Continental capitals: Paris, Berlin, and Vienna. The local bankers in all these countries were more than ready to tell the American Monetary Commission all they knew. They threw their books open for complete inspection, and they gave a large amount of time to the visiting Americans.

The Commission's method was to prepare a general questionnaire which the British and European bankers, in turn, would answer. With these answers as a basis the Commission would then hold oral hearings, at which its members would for hours at a time put questions to these foreign bankers, including officials not only of the central banks of issue, but also of many leading joint stock banks and private banking houses. Stenographic reports of these hearings were made and finally embodied in a voluminous report which the Commission made to Congress. In the preparation of this report Davison was, as usual, active and helpful. Perhaps of even greater importance were his searching questions in the oral hearings held abroad. He was the only very active banker connected with the American Commission, who had sufficient experience to bring

out clearly the points as to how these foreign banking systems worked in detailed practice, and in terms of American banking.

When, on work for the Bankers Trust Company, I met Davison at Paris in the summer of 1908, he was absorbed in the researches of the Monetary Commission and enthusiastic about its chairman, Senator Aldrich. The work of the Commission on this European pilgrimage and its subsequent report to Congress formed, of course, the basis of the bill which Senator Aldrich introduced as a measure of currency reform. The Aldrich Bill never became law, but Paul M. Warburg has given in his book, "The Federal Reserve System," a comparison of the Aldrich Bill with our Federal Reserve System, as it stands today, in order to show how much our present law is indebted to the researches and conclusions of the commission of which Senator Aldrich was the head.

At this time, as at previous important junctures, politics, of course, served to confuse the discussions in Congress and the progress of banking reform generally. There was almost a revival of the old debates of President Andrew Jackson's time over the ill-fated Bank of the United States. The prejudices of eighty years before against one central bank of issue and against the too great power that would, it was alleged, rest in such an institution, made it necessary to recast the form of the plan considerably. The debates dragged along through the Taft administration, and a plan of banking reform was gradually evolved and built up. In the private discussions at this time, Davison was much in demand. He was frequently called to Washington to explain privately to members of Congress the practical effect of certain clauses they were discussing, and to make clear the workings of certain

of the foreign currency systems which they were trying in part to adapt or to adopt.

A prior development, of importance in leading up to the later organization of the Federal Reserve System, was the Act of Congress, of May 3, 1908, which authorized the establishment of organizations throughout the country to be known as National Currency Associations. This was actually an interim measure of currency reform, passed rather quickly by Congress in the spring following the money panic of 1907, and largely, without question, under the stimulus of the country's recent currency troubles. Davison had much to do with the preliminary discussions looking to the passage of this currency act. He was present at the first meeting of the New York bankers on June 8, 1908, and he had arranged that the legal work having to do with the New York Association should be handled by George B. Case. Delays occurred, however, in utilizing the provisions of the Act, and it was not until July, 1910, that the "National Currency Association of the City of New York" was organized. The only time that the provisions of the Aldrich-Vreeland Currency Act were utilized was just subsequent to the outbreak of the Great War in August, 1914. The total amount of currency then issued under the terms of the Act was \$382,502,645. Retirement of these issues was rapid.

Davison had been fully cognizant that the Act of 1908 was a makeshift measure. Yet he had been so deeply impressed by the calamities of 1907, that he threw himself heart and soul into the work of helping to establish some adequate emergency machinery, although he knew full well that what the country needed, and must have, was a thorough-going revision of its banking and currency systems.

In the autumn of 1931, nine years after Davison's

death, the country found itself again in the throes of a new banking crisis which even the Federal Reserve System, with all its strength, had been unable to avert. Owing to the world-wide depression and the terrific deflation in the prices of commodities and investments, the public had become fearful and had begun to withdraw deposits from the banks upon an alarming scale. Smaller institutions all over the country were failing by the score, and the situation seemed to be daily growing worse. At that juncture (early October, 1931), under the leadership of President Hoover, the country's bankers organized the "National Credit Corporation," for the relief of sound but hard-pressed banks throughout the country. And at the suggestion of Albert H. Wiggin and other New York bankers, the form of the new credit corporation was largely modeled upon the old National Currency Associations of 1910. The need in 1931 was not for currency, but for credit aid. But the same principle of regional, banking coöperation was made to apply. Thus Davison's active work on the Currency Association plan, back in 1908, 1909 and 1910, again served a purpose. He had cast bread upon the waters that was to come back after many years.

Again, in February, 1932, the same principle has found expression in the provisions of the Glass-Steagall Act, under which member banks of the Federal Reserve System, in groups of five or more, are enabled to obtain additional accommodation from the Federal Reserve Bank.

Senator Aldrich had asked Davison and others to make some practical suggestions that he might consider in his work of framing the original Aldrich Plan of currency reform. And the resulting discussions formed an interesting episode in Davison's active life. Nathaniel Wright Stephenson, the author of Senator

Aldrich's biography which appeared in 1930, writes entertainingly of the so-called Jekyll Island trip which was made in November of 1910. Davison himself, after the trip was all over, told a few friends of it. Now it has become history.

Davison realized, just as the experienced Senator Aldrich had realized, that the elaborate investigations and the report of the Monetary Commission would go for little, unless some practicable scheme for American banking and currency reform were evolved from the work of the Commission. Yet how was such a plan to be worked out? Davison's ready and resourceful mind gave an answer to Senator Aldrich's insistent question on this point. He would gather together a few tried and experienced banking men, and together with the Senator they would journey to the remote Jekyll Island Club, off the southeastern corner of Georgia. There without interruption, they would spend a week or ten days together and thresh out a plan. Senator Aldrich eagerly accepted Davison's suggestion and left him to make up the party.

Davison invited on this "duck-shooting" trip Paul M. Warburg, then of Kuhn, Loeb & Co., a thorough and experienced student of the art and science of banking; Frank A. Vanderlip, the head of a great banking institution, and himself widely versed in both domestic and international banking—and as well a clear draftsman; and Dr. Piatt Andrew, the special assistant to the Monetary Commission and an economist of standing. These four together with Senator Aldrich proceeded quietly to Jekyll Island, and when they returned, after ten days of protracted and indefatigable discussion and labor, there was a "Plan" in hand. Mr. Stephenson, in the Aldrich biography, speaking of this

conference, says: "In managing people, Mr. Davison had the magic touch. It was fortunate that he had."

But Paul Warburg, several months before his death, was good enough to furnish for this volume the best and most complete story of this now historic trip. He wrote:

I have no positive knowledge as to whether Senator Aldrich or Davison originated the unheralded trip to Jekyl, but, personally, I have no doubt that it was Mr. Davison's idea. He saw Senator Aldrich bewildered by all he had absorbed abroad, faced with the difficult task of writing a highly technical bill while being harassed by the daily grind of his parliamentary duties. One can easily visualize the workings of Davison's mind and his resolve to take his friend away from Washington, to carry him off into seclusion with a few men qualified to aid in the formulation of the law, and thus to bring to a quick conclusion an all-important but difficult task, instead of permitting it to become endangered by continued delay and procrastination.

The small party, consisting of Senator Aldrich, Mr. Shelton, secretary, and Professor A. Piatt Andrew, special assistant of the Monetary Commission, Davison, Frank A. Vanderlip, and myself, set out on its trip to Jekyl Island in November, 1910. It spent a week in complete seclusion and privacy, and it developed and formulated then and there the first draft of what later became known as the Aldrich Bill. In the protracted and difficult discussions that took place at Jekyl Island, Davison showed those rare qualities which later on in his brilliant career I had frequent opportunity to observe and admire. He knew how to be silent and to listen, how to permit the

problem to unfold itself by encouraging those to express their ideas who had studied the matter more closely, or had some constructive thoughts upon it. Occasionally, as the discussion would proceed, he would ask some keen questions which, in the end, might lead either to a good-natured abandonment of suggestions made or, if further exploration brought out the soundness of a proposal, Davison would place himself squarely behind it and aid its general acceptance by the weight of his convincing and charming personality.

In these respects Davison's contributions to the discussions at Jekyll Island were invaluable. Unsound and politically impracticable proposals had to be brushed aside and every constructive suggestion, before being permitted to be embodied in the plan, had to stand the acid test of a cool and penetrating scrutiny. After all it was a desperately trying undertaking to devise a plan that would be theoretically sound, technically practicable, and still be acceptable to hostile or prejudiced politicians and to "hard boiled" bankers whose self-interest was deeply involved in the project. Davison's patience and his quick and sound, common-sense reactions were of the greatest aid to Senator Aldrich in deciding upon the fundamental lines of the plan, and in reaching conclusions concerning the endless questions of technical detail involved in the writing of the bill.

Of equal importance to his intellectual contributions was what Davison added in "atmosphere." Where minds of men met, whose convictions were deep and whose interest was sincere, it was inevitable that long hours of intense debate would lead to sharp differences of opinion. Davison had an uncanny gift in sensing the proper moment for changing the topic,



for giving the discussion a timely new turn, thus avoiding a clash or a deadlock. That, after a week of hard labor, the conferees agreed on the draft of a complete bill and ended their work as friends, with a justified sense of satisfaction in what they had accomplished, was due, in the first degree, to their genuine devotion to the common task; but Davison's tact and genial sense of humor deserve no small share of credit for the happy result attained. After we had completed the sketch of the bill, and before settling down to its definite formulation, it was decided that we had earned "a day off," which was to be devoted to duck shooting. I shall never forget Harry Davison as he came down the next morning, ready for the sport, with all the physical vitality bursting forth that had been cooped up during a week of ceaseless, mental strain. He was like a boy out for a lark. And what a perfect shot he proved himself to be. I can still see the pathetic twinkle in his eye when the next day, the fun being over, we sat down once more to our grim task.

When, after long weeks of delay, the bill was finally ready to be launched, it became incumbent upon its sponsors to win over one by one the leaders in banking and finance. Davison did yeoman work in this regard, and his interest in the fate of the bill never flagged until its final failure in Congress. But, even though the bill failed of adoption, history will not deny due credit to Senator Aldrich for having paved the way for the Federal Reserve Act which, in spite of essential differences in form and control, was erected on the foundation laid by the Aldrich Bill. Coming generations, when gratefully acknowledging Senator Aldrich's share in bringing about genuine banking reform in the United States, may well re-

member Harry Davison, as the Senator's trusted and devoted aide in this great and patriotic work.

In his letter furnishing this interesting narrative of the Jekyl Island trip, Paul Warburg sketched in a few vivid words those characteristics of Davison which all his devoted friends, including Warburg himself, so well recognized. Warburg said:

In the picture that Harry Davison has left on my mind, the trait that stands out most vividly is the rare combination of boyish playfulness and manly seriousness. He came in with a smile and left you smiling. But, in between, there would be moments when, with a deep earnestness, he would have impressed upon you the thoughts he had on his mind. And it was just because his buoyant joyfulness made him so charming a companion and brought him so close to your heart that his earnestness and determination, when he brought them to bear, were all the more captivating, convincing, and effective. A keen intellect and unusual will power, blended with these lighter strains, made him a rare leader of men. Not that he exacted subordination; he led in most cases, I believe, because men enjoyed following him.

For a detailed account of the chief public discussions, and of the educational effort that was carried on in the early years following the banking and currency troubles of 1907, in order to prepare the public mind for radical currency reform, one must turn to Mr. Warburg's two volumes which are interesting and complete. Himself thoroughly trained in his youth in the methods of central banking, as carried on in the Old World, Mr. Warburg did an immense amount through publication

and private discussion to stir up the community to the weaknesses of the existing situation. Davison often used to speak in unmeasured terms of Warburg's capacity and effective work, and he early expressed that warm admiration for his high character and engaging personality that the rest of us later came to share.

Senator Aldrich gave his word of testimony as to Davison's work when, writing fully five years after the work of the Monetary Commission had been completed, he said: "In the assistance which Mr. Davison gave the Monetary Commission he rendered distinguished services to the Commission and to the public." Senator Aldrich added: "His broad economic information, and his exceptional services in this respect, were recognized as being of the greatest benefit to the Committee, individually and collectively, on whose reports subsequent financial legislation of our Government will be based. In the subsequent work of the Commission, in the consideration of technical banking questions, and in the practical application of sound banking principles, Mr. Davison's advice and suggestions were of the greatest value. Furthermore, in the general financial situation, Mr. Davison has not only always exercised a strong conservative influence, but his services have been extremely important in a constructive way, and his motives have been unquestionably those of a patriot."

Among the running notes which the late Benjamin Strong furnished for this sketch, is this one bearing upon Davison's work on this whole matter of currency reform:

Throughout all the discussion that preceded the organization of the Federal Reserve System Davison's attitude and labors were most constructive. At that time I was being urged to resign the presidency

of the Bankers Trust Company and to become governor of the Federal Reserve Bank. Davison was a supporter of the Owen-Glass plan, although he had preferred the Aldrich plan. It was, in fact, Harry and Jack Morgan who finally urged upon me that the organization of the Federal Reserve Bank of New York was a duty which I could not escape and should not decline. At the same time, Harry warned me with a great deal of feeling that if the Federal Reserve plan were carried through it meant, according to his conception, such a change in our banking relations as would naturally end the close business relations that had so long existed between us and might even tend to lessen somewhat our personal intimacy.

In recent years, there has been much discussion as to what statesman at Washington was really and finally responsible for writing the law which, at the end, established the Federal Reserve System. Of course, no one man was responsible for it. As Mr. Warburg has pointed out, if all the successive drafts of the law, beginning with Senator Aldrich's Bill of 1910, could have been preserved and now laid before us, we should find that, as in all these great matters, the law was an evolution. Bits were snipped off here and added on there. Whole paragraphs were verbally recast as to form, but left little changed as to substance.

The idea of one central bank was discarded, and, in place of it, was adopted the plan of twelve central, regional banks of issue, headed by a Federal Reserve Board at Washington, which exercises supervisory control over all the twelve—a device not differing so vastly from the Central Bank plan of Senator Aldrich's original bill, but certainly affording less opportunity for political controversy in the debates during the course of

the final bill through Congress. Thus President Jackson and his shades were no longer invoked so insistently. The scheme of regional central institutions, each with note-issuing privilege, but subject to supervision by the Federal Reserve Board at Washington, served to please the local pride of these various regions and to gain readier support in Congress. This was a perfectly legitimate consideration for Representative Glass (as he then was) and his associates, handling the legislation at Washington, to have in mind.

The twelve regional banks, supervised by a central board, function less decisively than is desirable at times, but the recognition thus given to local autonomy has brought the System greater strength and more complete public support than a central bank with local branches could have had. This is a broad land of diverse people and conditions. We have a federal government and forty-eight states. Twelve regional banks under a Federal board have furnished a system well adapted to the country's requirements. Its workings may seem at times cumbersome, but the marvel is that the genius of our people has evolved systems, political and otherwise, that function on the whole pretty effectively over a vast continent, and to the satisfaction of a great and independent-minded population.

Although so much of the vitally important preliminary work in forming the Federal Reserve System was done under a Republican (Taft's) administration, it yet remained for the Democrats under President Wilson to pass the necessary legislation and to establish the country's new banking system. Mr. Wilson and his associates met serious opposition from many quarters, but by steady persistence they were able to overcome it all. President Wilson, himself, was no inconsiderable factor in this result. He always disclaimed any expert finan-

cial knowledge, but, as all those who ever had any intimate contacts with him found, he had a mind quick to grasp the essentials of any problem, even one far outside his usual province, if it were presented to him in brief and simple terms. His whole attitude toward the Federal Reserve legislation showed that he understood the serious necessity for currency reform and the urgent need of prompt action.

No one, then, can gainsay the fact that the Federal Reserve System has, considering its statutory limitations, worked remarkably well. Of course, it has met ample criticism—much of it hostile, much of it based on the unfounded charge that the control which the System exercises over the country's money markets is too great. Naturally, within broad limits, the System does exercise a control. We had, for over a century, the spectacle of what happened when there was no sort of effective unification or coöperation. It would be idle, as I have already indicated, to try to estimate losses, running into hundreds of millions of dollars, which the country suffered from lack of sane banking guidance. It was to bring order out of chaos and to establish measurable control, that the System was established.

Even so, for very obvious reasons, the present Federal Reserve System falls far short of unifying the banking methods of the country. If we are ever to attain in full measure the banking stability which, as we all know, other civilized countries enjoy, the community must continue to support and strengthen the Federal Reserve System. At best, progress in such measures is a slow business. It took forty years, following the almost complete break-down of banking in 1873 (except in New York City and a few of the other

large centres), before the country was able to evolve the Federal Reserve Act of 1913.

Now, we have had the Federal Reserve System functioning since 1914. And even with its limitations, it is hard to see how the Government could ever have carried on its War and post-War financing without it. Yet what our average citizen very naturally fails to understand is why, if the Federal Reserve has such manifest virtues, it is unable to prevent the terrific crop of banking failures which the country has witnessed in the last decade—and especially in the last two years. The answer is, upon proper analysis, not difficult to find. But before we attempt to give it, let us look at some of the figures of banking failures in the eleven years, 1921-'31.

In that period, there were total bank failures aggregating 9,285, with deposits thus tied up, or in part dissipated, of \$4,278,000,000. Of this total, only 1,698 banks were members of the Federal Reserve, and almost four-and-a-half times as many, namely 7,587 banks were outside the System. In the years 1930-'31 alone, the bank failures totaled 3,643, and here again the proportion of non-member to member banks was almost as four-and-a-half to one.\* It should be added that the most of these failures were of small banks, with extremely limited capital.

When we study these figures we see at once where the leakage, so to speak, comes in. The supervision which the Federal Reserve Banks are able to exercise over member banks is of course limited. But over non-member banks the Federal Reserve has no control whatsoever. These non-member banks are, without exception, State institutions subject to greatly varying

\* These figures are from the latest annual report of the Federal Reserve Board.

degrees and kinds of supervision. Thus, it is no wonder that objective students of our banking system are bewildered and declare it—despite the existence of the Federal Reserve—to be no system at all.

If one were to attempt to analyze some of the features of this confused conglomerate of banks, one would, probably, suggest that with such a wide reach of territory as the United States covers, the European system of branch banking is difficult to put into operation. Yet how, then, does one explain the almost entire absence of banking failures just across our northern border in Canada, where there is no central bank of issue or recourse, but where the whole system is built upon branch banking, with three or four large institutions as the nuclei? Such a system certainly avoids the weakness of small capitalization which marks many of our American institutions. In many instances, the paid-in capital of our country banks is so slight as to be subject to impairment under the most ordinary conditions of difficult times, as we have had ample witness in recent years. It is a noteworthy fact that, in number, ninety per cent of our banks are located in rural communities, subject to all the vicissitudes of crop failures, or the expansion and deflation of business “booms,” and without any of the protection afforded by a parent institution fortified with ample capital and managed by experienced men.

Nature has, as it were, in the last few years made an ineffective attempt to cure the situation through the device of chain-banking and of holding corporations. Some well-established institution in a centre such as, say Buffalo, or Detroit, or St. Paul or Dallas, has bought up a controlling or preponderant interest in various institutions, usually but not always, fairly close at hand, and has attempted to direct, in a coördinated



way, the operations of such institutions. But, with some rather striking exceptions, chain- or group-banking has shown few of the advantages of pure branch-banking and it has exhibited numerous weaknesses. For one thing, the interest in these outlying institutions has frequently been acquired at unjustifiably high prices by the key-bank in the chain or by the holding corporation; and after the interest has been secured, it has frequently proved not sufficiently controlling. Or other factors have developed to prevent the carrying out of the centralized policies which have made branch banking in other countries effective.

There is a strong movement today looking towards some plan permitting branch-banking on an extensive scale. Only eight or nine of our States permit branch banking at all, so far as institutions chartered under the laws of those States are concerned. A few other States permit it, but with exceedingly limiting restrictions. Hence branch-banking as a system has had slight chance of development in this country.

The situation in Chicago and its suburbs, in the early months of 1932, was a striking example of the evils caused by restrictive State laws. Almost all the failures (nearly two hundred) of small suburban banks around Chicago, and almost all the resultant threats to the general banking situation, could have been avoided had it not been for the fact that the Illinois statutes permit no branch-banking of any kind within the limits of the State. It was quite impossible under the law for the large Chicago banks to attempt to serve, through branches, the important suburbs around the City. The lessons of such a situation must be glaringly obvious to the whole country. There is no present effective method under the law by which strong institutions in our leading financial centres can extend the benefit of

their ample reserves, their experience and ordinarily careful management to the weaker banks in the outlying districts.

More remote districts throughout the country have blundered along in the same way, with the organization of weak and unsheltered banks in the hands of inexperienced persons desiring the satisfaction of becoming "bankers"; with the result that the failures in recent years have been on such a wholesale scale that today there are estimated to be upwards of three thousand communities in this country completely stripped of banking facilities. We are confronted with the phenomenon of groups of strong institutions in our leading financial centres (particularly New York City) having in hand far more reserves than they normally require, but with some of the interior districts almost altogether lacking in credit facilities.

How to form a bridge between these stores of ample credit resources, on the one hand, and these interior districts which, on the other hand, may be famishing for these stores, is a vital problem today. It is a problem which is engaging the attention of the heads of the great Eastern institutions, but one which, without a radical revision of the banking laws, is quite impossible for them to work out.

Although there have occurred, especially in the last year, striking instances of mismanagement on the part of very sizable institutions located in large cities, yet that melancholy phenomenon is nothing like so common as in the country banks. These well-known weaknesses that, as I have just been pointing out, afflict our rural institutions, almost inevitably lead, in a time of fear such as came upon our American communities in the autumn of 1931, to hoarding on a grand scale. This is always a distressing spectacle. One may de-

plore the folly of the person who wishes to withdraw his funds from his bank and put the cash under his mattress. But one must, nevertheless, have great sympathy for such misguided persons.

Our chief difficulty, then, as must be seen, is clearly not lack of governmental control, but rather failure of organization and coördination. I have already spoken of the confusion resulting from our varying Federal and State banking laws. In banking, our country has forty-nine different sovereigns. And, as many persons long ago pointed out, a constant state of competition exists between the Comptroller of the Currency at Washington and the forty-eight Banking Superintendents of our forty-eight States. Each one of these forty-nine officials is desirous of having as many institutions as possible registered under his jurisdiction. The consequence is that, because of this competition, laxity creeps in. The Banking Department of a State may point out to the organizers of a new institution that the local State laws are less rigid and more liberal than the code of the Federal system. Thus, the State Superintendent may, in perfect good faith, be tempted to encourage men without sufficient capital or experience to engage in the banking business and to solicit the deposits of innocent citizens. Such laxity is more noticeable in Western and Southern States, but even in the Eastern States there have been deplorable banking failures, due perhaps not so much to defective laws as to defective administration of the existing laws.

When all is said and done, it is astonishing to note how little judgment many people who have money show in their handling of it. If the ordinary citizen, with some cash in hand, were to receive a visit from an unknown person, and that person asked for a loan at 6 per cent, without security, the first man would laugh

at the idea and turn him from his door. But if the same unknown person goes around the corner and opens a place with the word "Bank" over the door, and with a little interior decoration of oak and marble and brass, our worthy citizen dashes in there and leaves on deposit (which is in effect the same thing as making a loan) all the cash he has in the world, without security and at a rate of 2 or 3 per cent interest.

Our Congress and our various legislative committees can continue indefinitely to hold hearings and collect volumes of testimony, thereafter passing further new sets of laws. Yet they will never come to the root of the evil until they realize that no banking system can function adequately when it comprehends within itself only a limited portion of the banking community. Today sixty per cent, in number, of the country's banks are outside the strong Federal Reserve System, and this sixty per cent comprises a total, in banking resources, of \$12,800,000,000. These lesser banking institutions—whose aggregate resources are nevertheless so considerable—are unable or unwilling to come under the rules of the Federal Reserve System. Thus they lack both its restrictions and its safeguards. And the almost unbridled license which these small banks in some States apparently have outside the Federal Reserve System, tempts them frequently, as the sad record has proved, to folly and disaster.

It is not difficult to present a strong argument as to the advantage of having banking institutions in our interior towns that are entirely independent of any larger banks, that are familiar with local conditions, and that render an excellent service to their communities. There are thousands of such banks throughout the country, and I should be the last to deprecate their existence or to question the ability of the men who

manage them. Nevertheless, in general one can surely say that our banking units should on the average be far larger than they are today. The small, under-capitalized institutions should be merged so as to gain the normal stability, diversity, economy and management of the larger concerns.

One reason for the weakness of the interior bank is that its overhead expenses are likely to be, proportionately, too heavy. The bank is tempted to pay too high rates of interest in order to attract deposits. Many of these local banks have, because of the rapid growth of business units, of communications and of motor transport, been left in a backwater where the better business passes them by. These up-country institutions have no opportunity to diversify and average their risks. If general conditions affect their investments unfavorably, the same conditions are likely to involve them in serious losses from their localized loans, and at the same time in disastrous deposit withdrawals.

I am but repeating what many others have already pointed out, when I say that no thorough-going banking reforms can be brought about until two vital changes have been accomplished. The first is to bring all the commercial banks of the country, small as well as large, under the single ægis of the Federal Reserve System. The second is to establish sensible provisions for regional branch-banking, the geographical limits of each region to be carefully worked out and systematized. Then we should have something worth talking about. Such reforms, brought about gradually, ought to begin to yield to the country some measure of banking stability.

The readers of this chapter may ask why a volume upon Henry P. Davison, whose earthly days were ended ten years ago, should have so much to say as to con-

ditions of present-day banking in these United States of America. The answer is that I have wished to make clear certain analogies between the situation prevailing in his day and the one still existing. He was wholly familiar with the country's unhappy history in banking and currency. His effort for reform and his contribution to it were made in the light of his own study of the past, of his own personal experience, and of his clear prevision that the country's efforts for improvement must be unceasing. During all his thirty-six years of banking, Davison was thinking and working on these problems. They formed the subject of his daily converse with his associates; they were a vital part of his life. In his last thirteen years as a private banker, his contact with current questions of institutional banking was no longer official. Yet perhaps that was an advantage, in that he gained a more detached and objective point of view in the study and effort which he was giving to the country's banking problems.

Now, despite the organization of the splendid Federal Reserve System, which Davison labored so keenly and with such diligence to advance, we are still confronted with the same series of banking failures as in his time, only upon a larger scale. We are faced with the spectacle of improvident and reckless management, of inadequate expert supervision. We witness the same tragedy of heavy losses which our grandfathers and great-grandfathers endured in another way, through the repudiation of note issues by hundreds of banks in the first half of the nineteenth century.

From this brief review, it must be apparent that the development of banking in America has been a slow process of evolution which has by no means reached its end. Each of the banking crises to which I have alluded has taught the community some one lesson, but

each new disaster has revealed a fresh weakness to be remedied. No pilgrim's progress could have been more arduous or beset with greater pitfalls. Such conditions, in one form or another, have plagued the country for over a century—in fact throughout almost its entire commercial life. Even now, the remedy will not be found overnight, either by this Congress or by the next. The law will continue to evolve slowly, and, in a country as varying in its regional conditions as ours, the law must be subject to frequent amendment.

And, too, there should be clear understanding as to the basis upon which the Federal Comptroller of the Currency and the Banking Superintendents of the various States grant charters for the establishment of new banks. We must come to regard a banking charter not as a privilege conferred upon a chosen few, or upon an unselected many, in order that they may make money with other people's money; but as a public trust, and in that sense, and in that sense only, as a "money trust." It is the plain duty of the community to see to it that the interest of the American people in the safety of their deposits, and of the whole country in the sufficiency and soundness of our banking system, is put before the special interest of any bank or banker, great or small.

The hope for progress towards real orderliness and stability lies, as it always does in these matters, in an aroused and intelligent public opinion, and in constant study by the experts of methods to strengthen the Federal Reserve System. No person of intelligence, studying the actual workings of this System, can have failed to be impressed with the immeasurable benefits which it has brought to American industry and commerce. In the midst of the distress through which portions of the banking community have been passing in these last few

years, the constructive accomplishments of our Federal Reserve Banks may have been somewhat lost sight of.

Up to February of 1932, the System still lacked, under the law, certain powers that it needed to render its scope of operation more elastic and practical. Such powers the central banks of other countries have always possessed. Through the provisions of the Glass-Steagall law, passed early in 1932, somewhat similar powers were provided for the Federal Reserve System. Under these, the Federal Reserve System now has added authority wherewith to buttress the credit situation. Yet the whole country is even now suffering from the disastrous results arising largely from the lack of coördination among our banks—a lack due to the defects which still remain in our system. Even so it may be well for us to remember, in these difficult days through which we have been passing, this fact: in a dark and troublous world, America and the American dollar are still, as to material factors, the safest things in all the world to tie to.



## CHAPTER X

### NOTABLE BANKING MERGERS

*The need for larger banking units—Advantages of consolidations—  
The negotiations and plans through which the Guaranty Trust Com-  
pany of New York became the largest trust institution in the country—  
“Open covenants openly arrived at”*

THE banking mergers, in which Davison was active in his early years in J. P. Morgan & Co., were brought about, as stated in the introductory chapter, in response to several economic demands. One of these was the need for greater banking units to meet the rapidly increasing growth of industry and commerce; a need which some years before had, in Great Britain, been recognized and met. Another was the need for greater concentration of executive talent. The money and banking panic of 1907 had revealed several weak spots in the banking structure of New York City, especially as to certain of the trust companies which were lacking in years and in the tradition of prudence which years beget.

It so happened that Thomas F. Ryan was one of those who observed some of these managerial defects in the trust companies which, during those gloomy autumn days of 1907, were under suspicion or on trial. Mr. Ryan had no immediate anxiety about the companies in which he himself was deeply interested; all three of them (the Morton, the Guaranty, and the Fifth Avenue) were well entrenched in capital and reserves. Yet he felt a sense of concern which he mani-



A NEW MORGAN PARTNER IN 1909



fested in his effort to get George F. Baker to release Davison and allow him to become the head of the Morton Trust Company, for whose successful management Mr. Ryan had made himself largely responsible. Failing in his purpose to secure Davison as the head of this company, Mr. Ryan not unnaturally welcomed the idea of merging the resources and management of the Morton and the Guaranty Trust Companies—especially after the death of E. H. Harriman, in August of 1909, had removed him, the largest single stockholder of the Guaranty, from the position of dominance in the Company's affairs.

Davison entered the Morgan firm on January 1, 1909. And it was in the autumn of that year that J. Pierpont Morgan, his young partner, Davison, and Mr. Ryan began discussing the merger of the Guaranty and the Morton. The Guaranty had been formed under a special charter dating back to April 13, 1864, when it had the name of the New York Guaranty & Indemnity Company. It had had an inconspicuous business until November, 1891, when the Mutual Life Insurance Company purchased control of it and increased its capital to \$2,000,000, installing as officers men trained in the Mutual Life school of conservatism, and arranging its directorate largely to conform to the directorate of the Mutual Life itself.

When the Mutual Life people took command, the Company had practically no deposits; but under the ægis of the great life insurance concern, the Trust Company began to grow, and by the end of 1896, when it dropped its clumsy title and became the Guaranty Trust Company of New York, its capital, surplus, and undivided profits had risen to \$4,598,319, and its deposits to upwards of \$12,000,000. Its growth continued steadily, and at the end of 1905, the year of the life

insurance investigations conducted by Charles Evans Hughes, its capital resources had increased to almost \$8,000,000, and its deposits to upwards of \$41,000,000. It had become one of the five largest trust companies in the city; and it was paying 20 per cent dividends upon its capital stock.

Then, following the life insurance inquiry, came the legislation which directed the life insurance companies to dispose of their shares in the capital of banking institutions. It was easier for the legislature to enact the statute than it was for the companies to carry it out, without serious loss to their policyholders. For it is not every day in the week that a purchaser turns up to buy blocks of bank stock, running into thousands of shares and quoted at several hundred dollars per share.

So, it was not until Mr. Harriman made his offer that the Mutual was able to dispose of a controlling block of its Guaranty Trust Company shares. When his death, in 1909, made it manifest that these shares might come on the market, the control and prudent management of this great trust company became a matter of public concern. By that time (say, as of December 31, 1909) its capital resources had reached a figure of \$10,605,152, and its deposits were almost \$80,000,000. It was, even then, on the point of becoming the largest trust company in the country. That preëminence was attained in January, 1910, by absorption of the Morton and the Fifth Avenue Trust Companies. There was, as Mr. Ryan had pointed out, no insuperable difficulty in bringing about the proposed merger of the Guaranty and Morton Companies. They had several directors in common, including Levi P. Morton himself.

The discussions as to the merger of the Guaranty and Morton Companies were nearing completion when Mr. Ryan raised the question of the inclusion of the

Fifth Avenue Trust Company, located at 43rd Street and Fifth Avenue. Here again a combination was not unnatural, because the Fifth Avenue Trust had many shareholders and directors in common with the Morton Trust and, in a certain measure, with the Guaranty. The terms of merger were laid out in the first instance by Harry Davison. His knowledge of trust company business, gained from his constant work as chairman of the very active executive committee of the Bankers Trust Company, was clear and comprehensive. His policy was always to see that all interests, minority as well as majority, were fully protected. So Mr. Morgan had no hesitation in approving his plan of merger. Mr. Ryan, speaking for the shareholders of the Morton and the Fifth Avenue, and closely in touch with those of the Guaranty, pronounced the plan fair. Thus it was submitted to the shareholders and promptly ratified.

Upon completion of the triple merger, the figures of the new company's resources became as follows: Capital, \$5,000,000; Surplus, \$18,000,000; Undivided Profits, \$3,013,000: a total of \$26,013,000. Deposits amounted to \$147,500,000.

As a matter of fact, the Morton Trust Company had itself been enlarged as long before as April 28, 1900, by the absorption of the State Trust Company. Thus, after the larger merger of January, 1910, the Guaranty Trust Company was the resultant of the merging of four different trust companies. Then, two and a half years later, on October 16, 1912, it absorbed the Standard Trust Company, a prudently managed concern with \$15,000,000 of deposits and an excellent corporate trust business. With that final merger completed, the Guaranty Trust Company stood with capital resources of \$33,324,000 and deposits of \$189,300,000.

Davison took his seat on the Guaranty Trust Company board on December 8, 1909, became chairman of the executive committee, and arranged on July 1, 1910, for the installation, as senior vice-president, of Charles H. Sabin. Sabin, on January 20, 1915, succeeded, as president, Alexander J. Hemphill, who sat as chairman of the board of directors until his death. Davison remained a director of the Guaranty Trust Company and chairman of its executive committee until January, 1914. At that time, in line with the policy which the Morgan firm adopted, of reducing the number of directorships held by its partners, Davison retired from the Guaranty board, and his place as chairman of the executive committee was taken by me.

The mere recital of the figures involved in these bank mergers falls far short of telling the story. The consummation of them aroused, of course, the greatest interest, not only in New York banking circles, but throughout the country. That the whole development was a natural and, perhaps, an inevitable one in the field of banking economics, has already been pointed out at the beginning of this chapter. Soundly conceived and excellently carried through, as these combinations were, they brought great additional prestige to Davison's already secure reputation. The manner of their planning and execution, "open covenants openly arrived at," also appealed strongly to Davison's senior partner who saw, in the recent acquisition which he had made for his firm, a type of mind and a habit of constructive planning that exactly suited him.

It may be added that in the instance of these banking mergers, as in those centring about the Bankers Trust Company described in an earlier chapter, the Morgan firm received no fee or compensation for its services in negotiating the intricate terms of the mergers. Such

benefits as accrued to the firm, as stockholders in any of the companies mentioned, accrued alike to all stockholders.

Davison's son, Harry, Jr., has recalled a family anecdote that may form a not inappropriate conclusion to this account of bank mergers. "One night in the later years of his life," as young Harry relates, "Father woke Mother up and said he had just had a terrible nightmare. He thought he was back in the bank at Troy and could not balance the books, and that his uncle told him he had to balance them or get a horse-whipping. Still, they would not balance, and Father was in a cold sweat. When Mother asked him how it came out, he said: 'I finally solved the problem; I bought the bank.' "



## CHAPTER XI

### RESCUING TWO NEW YORK BANKS

*Banking troubles of 1911—The Carnegie Trust Company failure—The Twelfth and Nineteenth Ward Banks in serious difficulties—The appeal to the Morgan firm—The late Mr. Morgan's generous and determined attitude—Davison's work in saving the institutions under fire*

ALTHOUGH the amounts involved would, in these later days of vast figures, be considered small, the troubles arising out of the runs made early in the year 1911, upon the Nineteenth Ward Bank and upon the Twelfth Ward Bank, were as difficult to meet as could be imagined. In the solution finally reached, Davison was a great factor, and in all the preliminary discussions he was, as usual, most active. I recall vividly the beginning of the difficulty. It grew out of the trouble in which the Carnegie Trust Company found itself in the late days of 1910, which trouble culminated in the closing of its doors, early in January, 1911.

Some epigrammatic individuals used to say the Carnegie Trust Company was conceived in sin and born in iniquity. This was a strong statement, but certainly it was true that, in the original conception of its promoters and in their management and methods, the Carnegie Trust Company had, from the start, little excuse for existence. Andrew Carnegie, of course, had nothing to do with the active organization of the Company. He subscribed to a moderate amount of its stock, on the representation that the Company had

good sponsors and would be well managed. It is a pity that Mr. Carnegie, with his own strong ideas of business probity, should have been led to allow his name to be attached to this institution. Then, too, Leslie M. Shaw, who, for a time, had been Secretary of the Treasury under President McKinley, was induced to assume the presidency of the institution, his name giving to the public additional assurance of security. Mr. Shaw was a perfectly honest man, himself, but he found himself plunged into heavy waters that were far beyond his depth.

Soon, a group made up largely of out-of-town promoters secured an effective control of the Company. They then proceeded to run the institution upon a promoting basis, paying recklessly high interest rates in order to attract deposits, and welcoming business of rather doubtful character. Among other plans, the group decided to form a working connection with two theretofore inconspicuous, uptown banks, known respectively as the Nineteenth Ward Bank and the Twelfth Ward Bank. The first was located at 242 East 86th Street, and the second at 173 East 116th Street and 1925 Third Avenue. These were small institutions, but perfectly respectable; between them they had five branches. At the head of the first-named was Bradley Martin, Jr., a son-in-law of Henry Phipps. Mr. Martin's integrity and purposes could not be questioned; in fact, his straightforward course when trouble finally came was above praise. But he laid no claim to wide experience in banking. He and the management of the Twelfth Ward Bank failed to understand that the Carnegie Trust Company was looked upon askance by the prudent portion of the community, and that any connection between the Carnegie Trust Company and his two small banks might redound to the discredit of

the banks. So, gradually, various ill-secured loans arranged by the downtown group found their way into the Nineteenth and the Twelfth Ward Banks.

The result of all this was that, when in December, 1910, the Carnegie Trust Company finally began to topple, even before its crash on January 7, 1911, the lightning had begun to flash in the regions where the Nineteenth and the Twelfth Ward banks were situated. I well recall the first rumblings of thunder which came to us at 23 Wall Street. William H. Porter and I had become members of J. P. Morgan & Co. on January 1, 1911. Being the newest members of the firm, we both got down to the office early, on the Monday morning of January 2, our first day there. But we did not arrive as early as did the legal doctors, who had been called in to diagnose the malady beginning to afflict the Nineteenth Ward and the Twelfth Ward Banks. The symptom of it was a silent run on the deposits of both institutions.

Paul Cravath and Bradley Martin, Jr., were waiting for us, and Mr. Cravath acted as spokesman. He said that he knew that neither the elder Mr. Morgan nor any of his partners had the slightest personal interest in these two small banks; and that those who were responsible for their conduct had no right to approach Mr. Morgan, except on the ground that he had shown himself ready, many times before, to perform a public service. He, Cravath, felt that Mr. Morgan was the only man in town who could stave off what otherwise would be a catastrophe, not in the total of dollars involved, but in the comfort and happiness of a large number of people. Cravath had had no connection whatsoever with any of these institutions, but had simply been asked to co-operate.

We asked Cravath what he meant. Cravath replied

that, owing to the connection of these two small uptown banks with the Carnegie Trust Company, runs were already threatening both banks; that while their cash assets would probably hold out for a few days, they could not possibly withstand the run for a longer time; that, if they were forced to close their doors the thousands of depositors would lose their savings.

Cravath hoped, but frankly stated that he was by no means sure, that the available assets of the two banks furnished adequate basis for a loan to them. We looked over the last balance sheets made up by the two banks, and Mr. Porter asked some pointed questions as to the character of the various assets. After President Martin had answered these questions, it became perfectly apparent, as Porter pointed out, that no considerable loan could, with real safety, be made to the institutions. Therefore, both Porter and I felt that, as J. P. Morgan & Co. were not purely an eleemosynary institution (although, as later events proved, it was in this instance largely such an one), there was nothing we could do to help the situation. However, Mr. Porter called up the elder Mr. Morgan on the telephone and briefly explained the situation to him, adding that he saw no way in which we could safely help.

"Wait a moment, Porter," said Mr. Morgan. "How many depositors have these two banks?"

Porter turned to Martin for an answer. "About thirty thousand," was the reply, which Porter gave over the telephone to Mr. Morgan.

"And what is the character of them?" asked the Senior.

"Mostly Eastsiders, working people, small tradesmen, dressmakers, persons whose little all is on deposit in our banks," was Mr. Martin's response, again repeated to Mr. Morgan.

"Well," said the latter, "some way *must* be found to help these poor people. We mustn't let them lose all they have in the world. Suppose that, at worst, we were to guarantee the payment of these deposits in full. You say the total is only \$6,000,000. That means that the firm can't lose more than \$6,000,000, doesn't it?"

I quote this utterance of the late Mr. Morgan—knowing that he will not be misunderstood as having suggested that \$6,000,000 was a trifling sum for the firm to lose, for, in fact, from that point of view, it was a very great sum—only to show the extraordinary impulse that always was in Mr. Morgan's mind, to try to help people out of difficulties, regardless of the cost to himself. I have never visioned a man with such a strong sense of community responsibility as Mr. Morgan had.

In this interview with Porter, Mr. Morgan went into some further detail, and explained that the only condition he would lay down, as precedent to the granting of assistance, was that the firm should have no possible interest in the shares of the Banks. I mention this condition of his, as bearing upon the muckraking stories that appeared in some newspapers a little later, after Mr. Morgan's action had resulted in saving the situation. Some of these newspaper stories pictured the event as: "Morgan Gobbles up More Banks."

As a matter of fact, matters ran along all that week without any explosion, until the closing of the Carnegie Trust Company's doors on Saturday, January 7. The runs upon the Twelfth Ward and the Nineteenth Ward Banks had steadily continued, and at the time of their closing for business on Saturday, it had become apparent that the runs would, with the announced failure of the Carnegie, become more intense than ever on

the succeeding Monday morning. Indeed, their cash resources had been largely exhausted, and Superintendent Cheney, of the State Banking Department, had given clear notice that, unless material assistance were made available, he could not permit these two banks to open their doors on the morning of Monday, January 9. He was naturally anxious to see the Banks secure help and continue in business. He could not readily forget, with the 1907 panic still a fresh memory, the inflammable nature of a bank run and the quickness with which the flames could leap from institution to institution.

The trouble was to find some one man, or set of men, who would undertake the responsibility of looking after the situation. The stockholders of the two banks were thoroughly alarmed, but few of them were prepared to do what, they feared, would be merely sending good money after bad. The time was too short, with only twenty-four hours left, to enable anybody to do much running about town in order to get the various interests to agree to any plan of salvation.

So, after full discussion with the Banking Superintendent and with his approval, Davison and Cravath finally decided to ask all the parties at interest to forego their usual Sunday worship and recreation and spend the day at Cravath's city house, in an endeavor to get together. A. B. Hepburn, then Chairman of the Clearing House Committee, also lent his active aid. Thus it came about that a series of all-day and all-night conferences was held at the home of Paul Cravath; and it was in these conferences that Davison's particular qualities of persuasiveness and skill again came to the fore. The situation was one that appealed strongly to Davison. He had the same generous impulse that always marked the senior member of the

firm; any creature in distress always evoked Davison's sympathy, and he pictured, just as Mr. Morgan did, these poor dressmakers and garment workers on the East Side losing all they had.

Therefore, he was determined to leave no stone unturned in seeking a solution. A solution, however, was difficult to find. It was felt that certain of the stockholders of these two banks, solvent individuals, should be even more anxious to help save the Banks than J. P. Morgan & Co., who were moved by general rather than by material considerations. The afternoon and night at Mr. Cravath's house were spent in an endeavor to reconcile the conflicting, or rather divergent points of view. Some of the interested persons present seemed to think that it was J. P. Morgan & Co.'s sole business to save lost banking souls, and that, therefore, the exclusive duty of salvaging those two banks might be laid upon their door-step. Let me picture the scene at Cravath's house in the words of George Case, whose law firm was acting for the Superintendent of Banks, and who had been from the start active in the conferences:

"The programme was outlined by Mr. Cravath with the Superintendent of Banks, Davison and several lawyers on the top floor, in Mr. Cravath's library. One or the other of us was running out, now and then, to consult with some other group. When the plan was finally put into shape, Davison circulated with it from one group to the other, meeting objections here and refusals there, making it necessary for him to come back and consult frequently with the controlling group in the Cravath library. It became apparent to him, and to all of us, that nothing could be done unless J. P. Morgan & Co. would authorize a strong statement and back it by assuring the Superintendent of Banks of

the availability of sufficient funds, so that he would not be obliged to close the two banks. This was such an important step that Davison felt it necessary to see Mr. Morgan again personally, explain how matters stood, and get his final approval.

"Some time about eight o'clock in the evening, Davison and I got into a taxicab and went down to Mr. Morgan's home on Madison Avenue. The object of the visit was to explain what had been developed, and to find out if Mr. Morgan would be willing to aid in the situation. Davison went in to see Mr. Morgan while I waited in an adjoining room. A specific object of the visit was to obtain Mr. Morgan's approval of a proposed public statement, and Davison had a draft of it. I heard Davison begin to summarize the situation to Mr. Morgan. The latter, in his deep tones, said:

" 'Davison, I don't care to see the paper. Whatever you think is right I will approve, but, whatever happens, don't let those poor people lose their money.'

"This was all, and we came away. Then followed, at Mr. Cravath's house, a further series of conferences which lasted most of the night, resulting in final agreement on a programme. It was most essential that the morning papers should carry a reassuring statement, and it was due to Davison's persistence and persuasive efforts that the various frightened or sulky groups were persuaded to agree, so that the statement could be handed to the waiting reporters, at the very last possible moment, in the early hours of Monday morning, January 9, 1911. It was Mr. Cravath who skilfully assembled the various groups in different parts of his house, and modelled the plan. It was Davison who brought about the agreement, made possible the pub-



lishing of the notice, and undoubtedly saved the two banks. Not a depositor lost a cent."

The Banks' officers declared that if the sum of \$500,000 in cash were furnished to the Nineteenth Ward Bank, and \$200,000 in cash to the Twelfth Ward Bank, these cash sums to take the place of the doubtful assets, the capital stock of both banks would stand intact. Upon these representations, Davison and Porter promised, on behalf of J. P. Morgan & Co., that the firm would render financial assistance, and a statement to this effect, as narrated by Case, was transmitted to the waiting reporters, and to the anxious representatives of the State Banking Superintendent, who were close at hand. This statement read as follows:

At the time of the failure of the Carnegie Trust Company, certain members of its Board were also Directors of the Madison Trust Company, the Nineteenth Ward Bank and the Twelfth Ward Bank. Fearing that the announcement of this fact might lead some of the depositors of these institutions to withdraw deposits, the Superintendent of Banks promptly took up the situation with prominent banking interests. After a conference held on Saturday and continued on Sunday, J. P. Morgan & Co. authorized the following statement:

Understanding that arrangements have been made for the absorption by merger of the Madison Trust Company by the Equitable Trust Company, J. P. Morgan & Co. have agreed to provide financial assistance to the Nineteenth Ward Bank and the Twelfth Ward Bank.

J. P. MORGAN & Co.

It was expected that a heavier run than ever would start, early the next morning, at both the institutions. This expectation was well founded, for a long row of

nervous depositors had formed and they were waiting in line before the doors opened at ten o'clock. But the Banking Superintendent was ready for them. Furthermore, when the long line pressed its way up to the door, the anxious depositors of the Twelfth Ward Bank were gladdened by seeing the following notice:

TO OUR DEPOSITORS  
WE HAVE RECEIVED THE FINANCIAL SUPPORT  
OF J. PIERPONT MORGAN AND CAN ASSURE YOU  
THAT YOUR MONEY IS NOW SAFE IN THIS BANK  
F. B. FRENCH, *President.*

Such a sweeping promise as this was going beyond anything that our firm, in its authorized statement, had promised; but Mr. Morgan, when he was informed of the notice, remarked that he supposed that now, at all events, the firm would have to see the trouble through.

As a result of the arrangement reached at the all-day and all-night conference, in which Davison was so active, the firm agreed to find an amount of \$700,000 for the Nineteenth Ward Bank. But before this sum was exhausted the run had been broken, and the Bank was, a few days later, in position to repay the loan.

In the case of the Twelfth Ward Bank, the firm undertook to arrange advances to the extent of \$400,000, and the run upon that bank was ended. Soon thereafter, however, an examination of the Bank by the Banking Department of the State of New York showed a shrinkage in assets so great as to create an impairment of the capital stock. By this time, fortunately, the affairs of both banks had quieted down. The mere announcement that J. P. Morgan & Co. were showing a willingness to stand in the gap had reassured depositors. But a great deal remained to be done; for it was apparent that these two banks could not be relied upon

to continue to manage their own affairs prudently, and that some new arrangement must be made.

Many weeks of conference followed, the firm's handling of the matter being in charge of Mr. Porter. The final result was that the Fourteenth Street Bank was reorganized and enlarged, so as to take in the Nineteenth and the Twelfth Ward Banks; its capital stock was increased for that purpose; and its name changed to the Security Bank. It was arranged that the increased capital was to be underwritten in equal shares by James G. Cannon, of the Fourth National Bank, and Bradley Martin, Jr.; and, in order to facilitate the transaction, Mr. Porter promised Mr. Cannon that, in case the latter desired it, we would assist by making a loan to Mr. Cannon against the stock of the new bank. This loan, however, Mr. Cannon never required. The wind-up of the matter was that the Security Bank took over the situation; and the Madison Trust Company, which had been under heavy fire, was absorbed by the Equitable Trust Company.

So far as the firm of J. P. Morgan & Co. was concerned, the result was satisfactory enough. To the elder Mr. Morgan, to Davison and Porter and the others of the firm active in this affair, it was not a matter of great consequence if the public failed to realize all the facts. At least, they had the satisfaction of knowing that the firm's action on January 8, 1911, the liability that it undertook, the announcement that it then made, had resulted in preserving the savings of twenty or thirty thousand persons of extremely limited means. The actual, final loss which the Morgan firm suffered, from its undertakings in various forms, aside from the extraordinary amount of time and energy expended, was \$190,000 or thereabouts.

To a newcomer, like myself, into Mr. Morgan's offi-

cial family, the whole episode was extraordinarily illuminating. Here was a man whom I, like most of the rest of the world, had thought of, almost always, in terms of the great and successful man of affairs, engaged almost constantly in measures of large importance, in the working out of plans of great moment to the financial well-being of the country, plans in which, properly and necessarily, handsome compensation for his firm would be provided. Yet here was an entirely different side, a new picture—that of a man who willingly subjected himself to criticism and risk, if only he could be instrumental in helping a large group of people, no one of whom ever had crossed his path, or ever would. Is it surprising that such a man commanded the admiration and complete devotion of his partners?

## CHAPTER XII

### THE "MONEY TRUST" INQUIRY

*The unwarranted attacks upon the late Mr. Morgan—Unfounded theory of the control and abuse of credit—The financier's appearance before the Pujo Congressional Committee—His convincing testimony—Davison's work in preparing for the hearing—His own clarifying statements*

THE elder Mr. Morgan's strength was undoubtedly heavily sapped by the strain which he underwent in the so-called "Money Trust Investigation," conducted by the Subcommittee of the Committee on Banking and Currency, of the House of Representatives, of which Congressman Arsène Paulin Pujo of Louisiana was chairman and to which Samuel Untermyer was counsel. There can be no doubt that Mr. Morgan suffered severely from the innuendoes and semi-accusations that were made against him and his firm at the time of this inquiry. His partners realized this keenly, none more than Harry Davison who, throughout the whole inquiry, exerted himself to the utmost to relieve Mr. Morgan.

Never before in his long life of high purpose and achievement had anyone impugned Mr. Morgan's motives or cast doubt upon the uprightness of his dealings. In fact, for years it had been an axiom of the financial world that the chief reason for Mr. Morgan's power was the complete trust which the financial community had in him—a trust not in the infallibility of his judgment, which was human like other men's, but in the integrity of his motives and the straightfor-

wardness of his dealings. Therefore, to have the very foundation of his character and dealings assailed cut him to the quick. It was in vain that his friends pointed out that these charges were being pressed by men unfamiliar with actual conditions in the world of affairs, and urged on by a kind of popular clamor that was largely manufactured. I think Mr. Morgan realized these facts as fully as his friends did. But that knowledge seemed not to lessen his sense of mortification and melancholy.

Nor did the fact that he emerged from the investigation triumphant and in higher public esteem than ever before serve to tranquillize Mr. Morgan's feelings. An essentially modest man, he had been thrust into the witness box and asked to display to the public eye his innermost thoughts as to the conduct of his affairs. Perhaps, secure as he was in his own sense of right, he should have been more philosophical, less thin-skinned. But there it was! He was an aging man who over many decades had done great deeds, as the public readily acknowledged, in upbuilding the industrial and commercial life of the American community. And yet at the end of such a life he was being held up, as he felt, to suspicion and obloquy.

Finally all the furor died away, and he sailed away for the last time to his beloved Egypt. But his life was over. For no apparent cause and on account of no discernible ailment, his energy left him; and on his return journey from the Nile he had hardly reached Rome before he collapsed and died.

But perhaps his grandsons will live to say that it was all worth while. Perhaps they will feel that in those last harassed months of his life he gave the American people something that they had never clearly had before—a realistic conception of the motives which

guide truly great men of affairs, like the late Mr. Morgan, and of the principles upon which all sound business and material progress in this world must rise or fall. For those phrases of Mr. Morgan's, from the witness stand at Washington, uttered by him in entire unconsciousness of their pregnancy and power, have gone ringing down the years ever since. I, for one, can never forget their effect as I heard them uttered. Here are some of them, the italics being mine:

"No, Sir, the first thing is character." That was in response to Counsel's thesis that credit was "based primarily on money or property."

Mr. Untermeyer: "Before money or property?"

Mr. Morgan: "Before money or anything else. *Money cannot buy it!*"

Mr. Untermeyer: "So that a man with character, without anything at all behind it, can get all the credit he wants, and the man with the property cannot get it?"

Mr. Morgan: "That is very often the case."

Mr. Untermeyer: "But is *that* the rule of business?"

Mr. Morgan: "That is the rule of business, Sir."

The idea that all business is based on confidence, on trust, seemed slow in dawning on the members of the Committee. They were still puzzled when Mr. Morgan added: "A man I do not trust could not get money from me on all the bonds in Christendom."

And again:

Mr. Untermeyer: "Is not that [namely, the obtaining of credit] because it is believed that they have the money back of them?"

Mr. Morgan: "No, Sir: it is because *people believe in the man.*"

Precisely what it was that first raised the hue and

cry about a "money trust," nobody ever knew. But it was started during the presidential campaign of 1912, and politics still held the floor. There had been a number of constructive banking consolidations in New York City, among them the very ones already described in this volume. And some busybodies, never having looked into the necessity of building larger banking units to meet the increasing demands of larger business, raised the cry that there was too much concentration of banking capital and that this meant too much concentration of credit, that is, the power to grant credit, lodged in a few hands. Then somebody else got up a table of so-called "interlocking directorates." The theory, sought to be established by such a table, was this: If John Jones is a director of the United States Steel Corporation and also of the First National Bank; and if Sam Smith is a director of the First National Bank and also of the New York Central Railroad; and if Ben Brown is a director of the New York Central Railroad and also of the Atchison Railroad; then these three gentlemen become automatically "interlocking"; and *ipso facto* become animated with the same motives, and conspire together to a common end—probably a "sinister" one!

By such a scheme, the maker of tables and graphs was able, by using concentric circles so to speak, to extend his "interlocking directorates" at will and almost indefinitely. In fact, the original preamble and House resolution, under which the Committee acted, put forward the theory that a small group of men centred in New York City "wielded a power over the business, commerce, credits and finances of the country that is despotic and perilous, and is daily becoming more perilous to the public welfare." Thus the so-called money trust was arraigned, with little regard



for facts, by sensational newspapers and individuals, on the strength of the House's action. As for Samuel Untermyer, Counsel to the Committee, he naturally waged an aggressive campaign in the endeavor to establish the thesis set up in the Committee's resolution.

It soon became apparent to the late Mr. Morgan, then in his seventy-sixth year, that some of the outstanding accomplishments of his whole life were to be subjected to an inquiry designed to misinterpret and discredit them. Standing as close as he did to the end of his active career, the prospect of such an attack upon him and his house was singularly depressing.

Davison, who had been in the firm then not quite four years, stopped one morning on his way down town to confer with his senior partner at Mr. Morgan's home. He found him puzzled and disturbed by the direction and animus of the inquiry, and he determined forthwith to do everything possible to relieve Mr. Morgan in the work of preparing for the ordeal. During most of the fall of 1912, then, Davison and I, whose aid he invoked, gave the bulk of our working time to the preparation of the necessary data. With his characteristic thoroughness, Davison took charge of the organization necessary to bring together the great amount of information and figures for which the Committee, through Mr. Untermyer, called from time to time. In this work we were assisted from day to day by George Case, by Richard Lindabury, and occasionally by other lawyers, not for the purpose of giving us technical advice, but to enable us to go the greatest possible distance, with fairness to our clients, in responding to the detailed inquiries of the Committee.

Inasmuch as neither Mr. Morgan nor his partners had anything to conceal, they naturally made every effort to comply thus fully with the Committee's de-

mands. Data and information far in excess of that required were compiled. It had become a foregone conclusion that the senior Mr. Morgan would be called upon to testify, and Davison's efforts were directed toward having him spared as much as possible, by submitting exhaustive data beforehand, and by assuming himself the responsibility of dealing, at his own anticipated appearance before the Committee, with the more detailed questions which the Committee was likely to press.

All this effort and preparation were not in vain. The outcome is a well known chapter in Congressional history. Mr. Morgan appeared before the Committee in December, 1912. In his examination, which lasted the better part of two days, he handled himself frankly and admirably. Some of the "high spots" of his testimony are those quoted above. Because of the unique character of some of these pregnant phrases, and because they came with such unconscious dramatic force from a man like Mr. Morgan, they were soon being repeated and favorably commented upon by newspapers and journals all over the country. It is not too much to say that they made a profound impression, and went far to dispel much of the fog and miasma in which the detractors of so-called "big business" had tried to envelop the natural transactions of banks and bankers, with the idea that the public, seeing these transactions through this gloomy haze, would gain a distorted idea of what it was all about.

Mr. Untermeyer, whose theory was that Mr. Morgan was the head and front of the whole so-called money trust, did his utmost to get Mr. Morgan (and later Davison) to give such testimony as would go to bear out his ideas. For example, Counsel to the Committee asked a series of questions, the purpose of which was to

show that Mr. Morgan's partners, personally, directed the policies and operations of all banking institutions in which they sat as directors. The further implication was that they busied themselves in gaining detailed information, for their own uses, as to the operations of these banks' customers.

When this wholly novel theory was suggested to the senior Mr. Morgan on the witness stand, he retorted:

"You can not, in a bank in which you are a director—not in any first-class bank, at any rate—go and find out how much I have got in that bank."

Mr. Morgan's purchase from Thomas F. Ryan of the stock of the Equitable Life Insurance Society was another subject upon which the Committee's counsel brought all his guns to bear. From his reiterated questions, it seemed indeed difficult for him to realize what was the fact, namely, that Mr. Morgan had locked up several million dollars of good money, not for the sake of profit but so as to be certain that, in his hands, the assets of that great life insurance company would be conserved for the benefit of the Company's policy holders.

Mr. Untermeyer: "I am trying to find out where the money was in it [that is in Mr. Morgan's purchase of Equitable Life shares] at one-ninth of one per cent return."

Mr. Morgan (a little later): "I know nothing about that, Sir. I am willing to take the criticism or the credit, or whatever it may be, of the transaction. I only say this: that I did it because I thought it was the thing to do; and that is the only reason I had, and the only thing I can say."

Davison appeared before the Committee on January 23, 1913. Like Mr. Morgan, the younger man, by his broadminded attitude before the Committee and his

frank and clear presentation of the facts, did much to maintain the confidence of the country in its outstanding financial institutions. His matter-of-fact explanation went far to throw a true and accurate light upon the skilfully assembled data, with which the Pujo Committee attempted to support the assertion that a concentration of money power enabled a comparatively small number of individuals to "control" corporations whose assets aggregated approximately twenty-five billion dollars.

Only once did a serious issue develop. Counsel to the Committee insisted again and again upon an answer, which Davison declined as firmly to give, in regard to the exact manner in which J. P. Morgan & Co. handled the funds of interstate corporations, deposited with them. In the end, a critical situation, possibly requiring a test of the Committee's authority, was adroitly avoided by the inquisitor who altered his questions so as to draw out the statement that the policy followed by the firm was simply such that it always maintained itself in a position to pay out its deposits immediately upon demand. With this answer Counsel was at length satisfied. Before leaving the stand, Davison submitted to the Committee a short statement summarizing and supplementing his testimony. In this he took occasion to point out that serious financial disturbances were inevitable under the country's then existing unscientific banking system, and he pledged the coöperation of the Morgan firm in any plan designed to secure a sounder and more stable system.

Following up the favorable impression made by the testimony before the Committee and Davison's written statement, the firm made public, a month later, a comprehensive letter to Chairman Pujo in which, at his invitation, it supplemented the inquiry by presenting

various considerations bearing upon the question of concentration and control of money and credit. This letter seemed to dispose of any remaining doubts which might have been entertained in regard to the assumptions upon which the "Money Trust" inquiry had been based, and brought the whole incident to a close. Occasion was taken in this letter to urge again the establishment by the country of a scientific banking system, an imminent development, it ought to be added, which was no doubt hastened by the publicity given to the subject in the proceedings of the Committee. Eighteen months later the Federal Reserve System was established and in operation.

In this whole episode, which sadly enough confused and clouded the closing months of his life, Mr. Morgan again showed the great confidence which he reposed in Davison. From the date of Davison's entry into the firm, he had an extraordinary influence with his senior, an influence based upon that same feeling of mutual trust that Mr. Morgan himself felt was the basis of all correct human relations. Some of the late Mr. Morgan's associates stood in such awe of him that they were sometimes hardly at their best with him. Davison, on the other hand, while possessing the most profound respect and an unbounded admiration for the head of the house, was never better in approach and presentation than when he was with his senior. Davison had much of that same instinct for the right, the sure course, that Mr. Morgan had. Mr. Morgan did not spell out his theories. His judgments may have always been logically thought out, but to his partners they seemed so swift as to be instinctive. As he said to the Pujo Committee, in reference to the Equitable Life purchase, he felt it was the "right thing to do," and that was the end of it. "I have given you, from my heart, the exact

facts," he had added. And that phrase, "from the heart," meant much.

Davison's processes were much the same. Perhaps that is the reason why the two men were congenial. In the four years that Davison was a member of the firm prior to Mr. Morgan's death, he came more and more to be Mr. Morgan's point of contact with the outside world of affairs. The Senior was coming less and less frequently to the office. He was withdrawing from active participation in the conduct of outside affairs. He was leaving to his son, the present head of the house, and to Davison, the formulation of firm policies. To the latter, with his wide acquaintance and daily contact with all sorts of financial activities, he largely looked to keep him advised of developments, and then to talk over with him the firm's plans which were to be shaped by such developments.

And Davison's admiration of the firm's untarnished record for probity, as established and preserved primarily by its senior member, was unreserved and complete. At the Pujo inquiry Counsel to the Committee was attempting to set up the theory that, in some particular railroad transaction, J. P. Morgan & Co. had failed to do its duty in protecting some minority interest. Although the transaction in question took place years before Davison's entry into the firm, he vigorously denied that there could have been any possibility of any intentional injustice.

Mr. Untermeyer: "In other words, you know that J. P. Morgan & Co. could do no wrong?"

Mr. Davison: "I know that J. P. Morgan & Co. could do no wrong, if their endeavors and the circumstances permitted them to do as they wanted to do."

Davison was making no claim that the firm was not as fallible as anybody else in its judgments. But from

his own experience, based upon his contacts in all his previous banking life and upon his own participation for four years in the firm's affairs, he was convinced that as to the firm's invariable good faith there could be no question. To the firm as a whole, just as to its former and later to its present head, he attributed complete integrity. He wasn't boastful as to his belief. He was sincere, unashamed and glad. Later again to Mr. Untermeyer he repeated: "I said there would not have been anything wrong if J. P. Morgan & Co. could have forestalled and prevented it. . . . I do not know why the house did it [a transaction dating back five years before Davison entered the firm] but if the house did it, it is most defensible."

Counsel to the Committee, in the course of inquiry of Davison, came back repeatedly to the fantastic theory that the Morgan firm exercised "control" over banks, firms and individuals; exercising such control either by direction or by influence; by the granting of favors or by the threat of withholding them.

Mr. Untermeyer: "Have you tried it ["controlling those banks"]?"

Mr. Davison: "No. We are too wise to try it."

Mr. Untermeyer: "You are too wise. Even if you owned the bank, you would be too wise to try to control it?"

Mr. Davison: "We could not control it . . . in practice."

The Committee took little part in the questioning, the members contenting themselves by following counsel's inquiries. But they all leaned forward with interest when Mr. Untermeyer attempted to develop his theory of Morgan control. He took up the question of competition, competition in railway transportation and in banking. Davison had advanced the idea, sur-

prising to the Committee and to its counsel, that one might sometimes to advantage assist a competitor. Again the italics are mine.

Mr. Untermeyer: "To *strengthen* a competitor?"

Mr. Davison: "I should think so."

Mr. Untermeyer: "Is that the principle on which your firm is doing business now?"

Mr. Davison: "Very frequently."

Mr. Untermeyer: "That is *strengthening* your competitors?"

Mr. Davison: "Very frequently, or endeavoring to."

Mr. Untermeyer again: "Endeavoring to strengthen your competitors?"

Mr. Davison: "Very frequently."

And here was another revelation to the Committee and to the public of the principle, which had for years guided the Morgan firm, of not only not attempting to secure all the desirable business in sight, but of deliberately directing to other banking houses, competitors, it might be, various kinds of financial or banking business. Possibly this practice forms one of the reasons why, in an emergency or crisis calling for action to protect the public interested, the Morgan firm has seemed to be able to command wide and instant co-operation and support from the banking community as a whole.

In the statement which Davison requested me to prepare, and which he filed upon the conclusion of his testimony, the question of "interlocking directorates" and concentration of control was touched upon at some length. It may be worth while to reprint the first few paragraphs of this statement, as follows:

There have been presented to your Committee elaborate tables from which it has been inferred—



and in many newspapers stated as "proved"—that a "Group" of 180 directors "controls" the assets of corporations whose aggregate resources are twenty-five billion dollars.

No such control exists, and no such deduction can be properly made from these tables.

Those who have made such deductions have fallen into several obvious errors; they fail to observe, first, that of the total number of directorates in these particular corporations this group represents only about one-quarter; second, that, upon this assumption, these men, in order to exercise "control," must act and vote in every instance as a unit, although they come from different parts of the country and represent diverse and frequently conflicting interest; third, that upon this assumption, the directors outside of this group must be mere dummies, with no voice or opinion of their own who, in almost every instance, are overruled by a minority; finally, that this sum of twenty-five billion of dollars is not actual cash or liquid assets, susceptible of manipulation or misuse by the directors; the fact of course being that the great bulk of this enormous sum is, and for many years has been, tied up in the form of rights of way, rails, ties, equipment, factories, plants, tools, manufactured goods and other forms of corporate property necessary for carrying on railroad and industrial business in the country.

It is most regrettable and harmful that either Congress or the country at large should gain the wholly erroneous impression that these great resources are at the disposition of a small group of men, or that the corporations themselves are controlled by a minority of their various boards.

The statement (which was made at the very period when Davison was working for banking and currency reform) concluded as follows:

We recognize and have long recognized serious defects in our present banking and currency laws. We believe that the country will continue to be subject to financial ills and disturbances until it possesses a stronger and more scientific banking and currency system. To secure prompt and wise legislation in these matters, our firm and, we believe, bankers throughout the country will, by every means within their power, coöperate with Congress.

And so, as I have said, the tumult and the shouting died, the furor faded away. Nothing of great value seemed to have been derived from the Congressional inquiry, save this: that the public was fortunate enough to have been given—even though the giving may have shortened his days—a revelation by the greatest leader of affairs that America has, perhaps, ever had, of the principles which must underlie all sound business; of the faith which man must have in his fellows; of the motives which must and do rise above self-interest; of the spirit of tolerance and coöperation rising strong in the modern man. All that was, in effect—no matter how unintended—the burden of the late Mr. Morgan's testimony. It was the theme which ran through all the clear story which his brilliant and like-minded partner, Henry P. Davison, told.

Several so-called biographies of the late Mr. Morgan have appeared in the last two or three years. None of them has been authorized by his family. None of them has been even tolerably good, though one is written in a vigorous and vivid style. It is perhaps not surprising that, inasmuch as Mr. Morgan's heirs have

never given their approval to an authorized biography, there should be considerable privateering in that field. Mr. Morgan was so outstanding a figure in the life of America, during the thirty or forty years preceding his death in 1913, that it was almost certain that random sketches of him should make their appearance.

These volumes that I have read are, however, without excuse in the lamentable inaccuracy of the pictures which they present of the man himself and of what he did. In the first place they have been written by men who, however excellent their intentions, had apparently never even met the late Mr. Morgan, much less known him. Secondly, the authors have manifestly failed to consult friends or acquaintances of Mr. Morgan who might have been in a position to set them right on many points. Thirdly, these biographers seem to have relied for their material almost completely upon daily newspaper headlines, and sensational accounts of episodes that either never occurred, or bore little resemblance in their occurrence to the printed accounts of what happened.

I am far from blaming the daily press as a whole. On the contrary I firmly believe that, under the limitations of time,—the necessity for going to press at a certain hour before opportunity has offered for checking back the accuracy of all the reports flowing in,—its efforts to get at the facts are worthy of all praise. But about any personage like the late Mr. Morgan, and about the extraordinary variety of financial operations that circumstances and his unique sense of responsibility compelled him to undertake, there was bound to spring up a vast amount of gossip and rumor. Such stories, almost always undenied, readily became tradition and later on, so far as the general public was concerned, fact.

Mr. Morgan himself never undertook to meet newspaper or periodical writers. Apparently it never occurred to him that such contacts might be useful or necessary. He early became accustomed to having the facts of his undertakings misstated and his own purposes misinterpreted. He was more or less philosophical under such misrepresentation, and seemed to think it was a temporary phase that had to be ignored. Strong in the integrity of his own purpose, he had a naïve belief that, always provided he did the right thing, matters would come out all right—"Never dreamed, though right were worsted, wrong would triumph." Mr. Morgan once remarked that he would rather lose money from trusting a man too much than gain it from trusting him too little. It was, perhaps, hardly to be expected that a public, with whom he shared few if any confidences, would accept things on faith to the extent that he did.

Herbert L. Satterlee, the late Mr. Morgan's son-in-law, tells a melancholy tale of the fate that befell what biographers would have recognized as a mass of extraordinarily useful source material. It seems that after Mr. Morgan had, upon the advice of his father, J. S. Morgan, resident in London, started shortly before the Civil War in business in New York City, he fell into the habit of writing frequent letters in long-hand to the then senior Mr. Morgan, recounting what was going on in the United States in finance, politics and other fields. His comments upon men, people and affairs were said to have been extraordinarily illuminating. The father in London so cherished these letters that, year by year, he had them bound and put in a safe spot in his library in the London house at Prince's Gate, now the American Embassy. Years after J. S. Morgan's death in 1890, J. Pierpont took a rainy after-

noon to glance through some of the volumes containing his views of what America was doing in the '60s, '70s and '80s. His children had often told him that those letters might serve them as a basis for a biography which they felt should one day be published.

But Mr. Morgan, noting on that rainy afternoon how free he had been in his comments and criticisms, and not realizing that a careful editing could eliminate anything objectionable, burned up all the letters upon the spot. Mrs. Satterlee, who was visiting him, returning late in the afternoon, found only the ashes.

Now that he is gone, I am inclined to think that the major portion of the public has gradually come to appraise the late Mr. Morgan at something approaching more nearly his true worth. People now look back and see that great figure, perhaps dimly outlined through the vista of almost twenty years, holding great power—not vast wealth, as was at one time thought—and wielding it with strong purpose for constructive rather than personal ends. Comparing notes with all his partners whom I ever knew, I never found one whose experience was different from my own: namely, if any proposition were laid before Mr. Morgan, his invariable attitude was that he was interested to undertake a profitable operation only if he deemed it to be constructive; and he frequently entered into an unprofitable undertaking if at the same time he felt it would prove constructive.

In his great funeral oration, Pericles says: "Wealth to us is not mere material for vainglory, but opportunity for achievement." So it was with Mr. Morgan. And of him, too, that ever-glowing phrase, again from the lips of Pericles, might well be recorded: "For the whole earth is the sepulchre of famous men; and their story is not graven only on stones or over their native

earth, but lives on far away, without visible symbol, woven into the stuff of other men's lives."

Perhaps, I cannot better conclude this chapter on the "Money Trust" craze than by quoting from a letter which the late Benjamin Strong wrote some years before his death. In it he comments upon this whole curious phenomenon, and upon the anomaly that Davison, who for several years had been devoting great efforts to the task of working out a sounder banking system, should have been one accused of working to just the opposite end.

"How indeed," wrote Benjamin Strong, "could a man be charged with purposes hostile to the welfare of the country, selfish, and self-seeking in their object, in instigating the organization of a 'money trust' when, at the same time he was engaged, possibly more actively than any other business man in the country, in the furtherance of a banking reform which would make such a thing as a 'money trust' an impossibility!"

In the same letter Strong adds: "The man who was so largely responsible for efforts toward a correction of an unsound situation was charged with some improper purpose in the very steps which he was taking toward strengthening banking in New York. How far his motive was misinterpreted was shown in the fact that the organization of the Bankers Trust Company was in some part the foundation for the attack by Congress upon the so-called 'money trust,' which culminated in the investigations by the Pujo Committee in 1912."

What Strong meant to make clear, of course, was that Davison's work for banking reform, as described in an earlier chapter, contributed ultimately to the establishment of the Federal Reserve System, which as I have heretofore pointed out, made the banks wholly independent of the sort of aid which the

Morgan firm was able to give in the money panic of 1907, to say nothing of any imaginable "money trust" control. That System and the consolidation of banks into larger and stronger units, commensurate with the growth of business units, made our banking system stronger and sounder and entirely independent of assistance, not to say control, by any private firm or interest, or group of interests.

## CHAPTER XIII

### THE CHINESE CONSORTIUM

*Davison's active share in the formation of the American Group of bankers for the assistance of China—History of the old and new Consortiums—Efforts of the Taft administration negatived by its successor—Wilson régime reverts to former policy—American attitudes toward China*

THE first piece of international business that Davison ever took an active share in had to do with the operations of the old Chinese Consortium. I say "old" as contrasted with the existing Chinese Consortium which is composed of banking groups from the United States, Great Britain, France and Japan. The story of the first Consortium, and of Davison's activities with it, is briefly about like this:

In 1909, the Governments of Great Britain, France and Germany came to the conclusion that it would be to the interest of the Chinese Government, and also to the interest of the so-called Western powers, to undertake upon a coöperative basis, as among banking groups made up from the three countries just named, such loans as might safely and properly be made to the Chinese Government. The European Governments mentioned had become impressed with the evil results of the policy of "spheres of influence" in China, undertaken by all three of these powers, and by Russia and Japan as well. Such a policy had as its inevitable consequences the parcelling out of a considerable portion of Chinese territory among these various powers, as



well as the active and sometimes corrupt competition for the favor of the Chinese Court and the obtaining of special concessions, etc.

These three governments wisely saw that continuance and extension of the policy of "spheres of influence"—Russia on the Liaotung Peninsula, Great Britain at Hongkong, Germany in Shantung, Japan in South Manchuria, France in Yunnan—might well lead to dangerous clashes in the Far East and even to bloodshed. This, then, was the reason leading Great Britain, France and Germany to encourage coöperative effort as among their national banking groups. They felt too—quite reasonably—that if the various banks and bankers in the different European countries were competing with one another for the doubtful privilege of making loans to China, the result would be to "spoil" the Chinese Government, and, just because Western money was easy to get, to lead it to even laxer habits in the administration of state finance.

So, in accordance with this new policy, British, French and German banking groups, in 1909, negotiated with the Chinese Government a new loan of approximately £5,500,000 for the building of the Hukwang Railway. These European banking groups had got so far as actually to initial the outline of a contract with the Chinese Government, when the State Department at Washington suddenly became active and decided that America ought to have a share in this railway financing project.

It was not a situation that was easy to enter or to develop, so far as America was concerned. The traditional policy of the United States Government, while giving tacit encouragement to the penetration of its nationals into foreign commercial fields, was strictly one of "hands off." That is to say, our Government

made it abundantly clear that American traders or bankers entered foreign fields at their own risk, and without the sort of strong backing that European governments were accustomed to give their nationals in foreign fields like the Far East.

But the Department of State at Washington was eager to initiate this new policy of commercial encouragement. Not only did it feel that China was a great potential market for American products, but also that the distinctly friendly feeling in China, born of John Hay's enunciation of the "Open Door" policy and of the American remission of the Boxer indemnity the year before, ought legitimately to be capitalized. Consequently, President Taft (himself interested in the Far East, because of his previous Philippines experiences), with Secretary of State Knox's urging, outlined the idea of commercial coöperation—"dollar diplomacy"—with China, in his message to Congress in December, 1909. In this he pointed out that the coöperation of American bankers was called for, as the "indispensable instrumentality" which the American Government required to carry out a "practical and real application of the open-door policy."

To help carry out such purposes the American Group of bankers had, at the instance and upon the urging of the Department of State, been organized under an agreement executed June 11, 1909. It was composed of J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank and the National City Bank of New York. The Group had little hope of any considerable direct profit to itself, but it had a sense of national obligation to help to advance a liberal-minded policy, which might meet the wishes of its Government, and also help to cultivate markets for American manufacturers and merchants. That was an appeal which made

its impress upon Davison, and led to his whole-hearted entrance into the activities of the American Group and, a little later, of the International Consortium itself.

How well the American Group realized its original purpose of not operating primarily for profit may be indicated by the fact that the former and present American Groups have been out of pocket, for cable tolls and other expenses, a total of not much less than \$900,000. On the other hand, the only financial operations up to date have been: (1) the Group's share in the Hukuang Railways Loan, sold publicly here and abroad in 1911; and (2) a loan which the Group made to the Pacific Development Corporation (a publicly owned American company doing a trading and commercial business in the Far East) on the security of an issue of Chinese Government notes purchased by that Corporation; the net loss to date from these two operations being almost \$4,000,000. Here we have an illuminating example to international bankers of the so-called dollar diplomacy!

As has been said, the arrangement for American participation in Chinese Government financing had not been too easy to bring about. In fact, the State Department had recourse to a promise made earlier to United States Minister Conger by the Imperial Chinese Government, that American interests should have a share in the financing and construction of any railways which might be laid down in the Yangtze valley, terminating at Hankow. But it required repeated efforts on the part of the Administration to make the arrangement, because, as has been stated, a loan agreement with the Chinese Imperial Government had already been arrived at and actually initialled by the European national banking groups. Even President Taft, himself, took a hand in the matter, communicating directly

by telegraph with Prince Ching. Finally, it was arranged that American capital should have a one-quarter participation in the financing of any railroads to be built under the Hukuang Railway Loan Agreement.

It should be explained that American participation in this Chinese business was due in part to the initiative of E. H. Harriman and the activities of Willard Straight, Consul General at Mukden from 1906 to 1908. In fact Mr. Harriman, who had been a vigorous advocate of participation by American capital in the building of Chinese railways, was allotted an interest in the newly organized American Group, but his death, in the summer of 1909, came soon after it was organized. He had felt, as did Davison, that Willard Straight was one of the best-equipped Americans to develop business in China, particularly in the way of railway construction. Accordingly Straight (later succeeded by Francis H. McKnight who happened to be a brother-in-law of Davison) was appointed representative of the Group and sent out to Peking.

One of the first propositions the Group was called upon to consider was the financing of the Chinchou-Aigun Railway, in connection with which Straight had previously obtained an option from the Chinese Government. In dealing with this matter, as indeed with all this Chinese business, the Group kept in the closest touch with the State Department. The Department's views were, of course, controlling in all matters involving the international relations of the United States or the interests of China, and no step was taken by the American Group in any instance without the Department's approval in advance. Copies of all cables and letters from the Group's representative in China were promptly forwarded to the Department, as were the replies, most of which were written by Davison himself,

frequently after consultation with Secretary Knox or one of his assistants. After all, the Chinchou-Aigun Railway business came to nothing, as it proved quite impossible to clear up the international complications and political obstacles in the way of the proposed construction.

The Hukuang Railway matter, even after American participation had been arranged, also dragged in spite of all the American Group could do. Finally after complicated negotiations, designed to allocate equitably to the several interested powers engineering and construction rights on the various sections of the railways, an agreement was reached and signed on May 20, 1911. Shortly afterward, on June 15, a loan of £6,000,000 was issued, one-fourth of the total amount being offered in America. In all of the negotiations pertaining to these transactions, Davison was energetically active. He made it a point to attend personally the frequent meetings of the representatives of the Group, including conferences on two occasions in Europe, where discussions were conducted on an international basis. At these conferences Davison was frequently called upon to preside; and to this day the European representatives speak with appreciation of the skill which Davison showed in harmonizing the widely divergent elements, and in solving difficult situations with his touch of lightness and humor.

As to one of these conferences held on September 23, 1911, Edward Grenfell, of the London firm of Morgan, Grenfell & Co., has recalled certain significant features. It seems that the representatives of the British and French banking groups had invited Davison, accompanied by Grenfell, for a brief discussion in Paris, preliminary to the formal, four-group conference which was to be held in Berlin at the invitation of the Ger-

man group. The British, the French and the American Group representatives proceeded in a sleeping car from Paris to Berlin, expecting that the discussions there would occupy some days. There seemed to be considerable electricity in the air. Davison became dimly aware that there must be some political development imminent, and so special arrangements were made with the Wagon-Lits Company to hold the sleeping car in Berlin ready to be sent off at any moment. When the delegates arrived in Berlin, they proceeded to the meeting with the Germans at 11 A.M., as already arranged. After Davison was voted to the chair he outlined certain proposals for consideration by the four Groups. These points had already been under discussion by the British, French and Americans in Paris. To the surprise of Davison and Grenfell, no comments were made upon the Davison suggestions, and in a surprisingly brief time his proposals were agreed to by all present.

The meeting adjourned till 3 o'clock in the afternoon when the minutes of the morning meeting, embodying the conclusions reached, were to be confirmed. Davison and his colleagues could hardly believe that the conference could arrive at a decision without long argument lasting for several days. In the afternoon, however, the minutes were confirmed by all parties, again without any comment. Although the German bankers had arranged a large dinner for the international delegates in the evening, Davison and his friends felt strongly that there must be some important political event pending and that the foreign delegates would not wish to remain longer in Berlin than was necessary. It was accordingly arranged that the sleeping car should be put on the night express for Paris, and the dinner was expedited, so that the delegates could catch the evening train.

It was at this dinner that Davison found himself, to his embarrassment, seated next to the Chinese Minister to Germany. Davison did not wish to be impolite, but, knowing not a word of any language except his own, he was inclined to let the Minister do his talking with his neighbor on his other hand. At the first available moment, however, the versatile Chinese Minister leaned over to Davison, and in perfect English inquired blandly if Davison could tell him "who was pitching for the White Sox this season." Davison was of course amused and delighted with this development, and he turned his complete attention to the Chinese Minister who, apparently, had spent many years in Chicago and Washington and was most entertaining and interesting.

Subsequently, it proved that the political crisis pending was that which developed in the following week when Italy, without warning, presented an ultimatum to Turkey. This, coming so soon after the long drawn-out quarrel about Morocco and Agadir had appeared to be settled, must have been known to the German bankers at the time of the conference on September 23, 1911. Davison and his associates finally understood why the German banking group was ready to agree to any plan about China, or anything else, in order to get on with their own affairs.

From time to time various loan proposals were brought up by the Chinese Government. In 1912 soon after the revolution in China, the four groups identified with the Hukuang Loan were approached by the new Chinese Government and were asked for a loan of £60,000,000 for administrative and reorganization purposes. With the backing of their respective governments, Russian and Japanese banking groups sought a participation in this proposed business. Thereupon the Consortium was enlarged and the so-called

"Six-Power Group" was developed for the purpose of making the loan referred to. An agreement covering it, dated June 18, 1912, was initialled by the representatives in China of the various banking interests. The understanding at the time was that no members of the Six-Power Group were to undertake individually any administrative loan business in China until the entire £60,000,000 of the Reorganization Loan had been issued; or, alternatively, until a majority of the Group should decide not to go further with the Reorganization Loan; or until a period of five years had elapsed.

Through its representative in Peking, the American Group had taken an active part in the negotiations with the Chinese Government. It had, indeed, been largely influential in securing terms fair and equitable to China, and at the same time such as would render the proposed bonds safe for the investing public.

But, in the midst of all this activity, came the change in national administration at Washington. President Taft went out and President Wilson came in, naming as the head of the Department of State, William Jennings Bryan. As soon as the inauguration took place and Mr. Bryan was fairly installed, Davison, in behalf of the American Group, repaired to Washington in order to discuss Chinese matters with the new Secretary of State, and to ascertain whether the new administration intended to continue the policies of President Taft and Secretary Knox as to China.

It must be admitted that Mr. Bryan frankly confessed to Davison complete ignorance of Far Eastern affairs. He had heard dimly of John Hay's "Open Door" for China, but whether he wanted to keep it open was not quite clear. Davison had no policy to advocate nor any plan to urge. His story was one simply of exposition: the American Group had, four



years before, been organized at the behest of the State Department, and had spent much time and money in endeavoring to coöperate in the Far Eastern policies of the Government. Did the new administration wish it to continue this work or drop it? In little words for little fingers, Davison explained just what had been done and why. He pointed out the necessity that existed for the American Group to receive a decision from the Wilson administration as to its policy.

Secretary Bryan properly replied that he was not prepared to give an immediate answer, but would do so in due course. Davison said that this would be entirely satisfactory. He asked, however, that, in the event that Mr. Bryan decided upon a change in policy, he would be good enough to communicate that fact in advance to the American Group, so that its members could in turn prepare their European associates for their withdrawal. Davison pointed out that the European Groups and the Foreign Offices abroad had been most considerate of our own Government in arranging American participation in the Chinese Consortium at a late date; and that it was only due to the European Groups to give them a chance to take any proper measures that might be necessary, should the American Group be obliged to withdraw.

Thus the interview ended. Davison waited. J. P. Morgan & Co. waited. The American Group waited. Only silence from Washington.

Then on March 18, 1913, appeared on the front pages of the public press a statement from the Administration which in effect threw the American Group, the International Consortium and all China out of the window. It stated that it did not care to follow the policy of the preceding administration in requesting the good offices of the American Group in loans to the

Chinese Government. It based this reversal of policy largely upon the conditions of the projected Currency Loan to China, feeling that the proposed conditions would "touch very nearly the administrative independence of China itself." Another of its objections was that they committed the State Department to diplomatic support that might eventually prove embarrassing.

This announcement was a blow to American interests in China. It was bound to injure the prestige of the American Department of State in all the European Foreign Offices. It was a source of mortification to the American Group of the Consortium—not because it deprived them of chances to make profits out of Chinese financing; indeed, after only about four years of work it had already become plain that those chances contained more liabilities than assets. The chief reason for discomfiture was that the summary action of the Administration had so discredited the American Group in the eyes of their European colleagues. It was felt that the latter would regard the American bankers as in some way responsible for this sudden change of front, and therefore as poor and untrustworthy partners in any enterprise of international import.

To the Chinese generally, this sudden reversal was bewildering and discouraging. The entry of the American Group of bankers into the counsels of the International Consortium had been very pleasing to them. They were not prepared to accept without some reservation the views of the European Groups, and felt that American participation was a permanent safeguard to Chinese interests. Later, when I was in China, some of their leading men told me that nothing had been more disheartening to them than the sudden shifts in policy by the changing American administrations. W

Americans can fairly well understand the difficulties that, at Washington, sometimes prevent the following through of an ordered and consistent foreign policy from administration to administration, but it is hard for our friends abroad to comprehend the reason for such difficulties.

However, the deed was done. The American Group of bankers made the best peace they could with the European Groups and definitely withdrew from further participation, beyond the contacts necessary in following through the developments in the Hukuang Railways matter. The Group issued the following brief statement:

"As the American Group has been ready to serve the Administration in the past, irrespective of the heavy risks involved, so it was disposed to serve the present Administration if so requested. But deferring to the policy now declared, the Group has withdrawn entirely from the Chinese loan negotiations and has so advised the European and Japanese banking groups."

Incidentally, there has always been considerable conjecture as to just who was responsible for the Administration's radical change of policy. Frederick V. Field, who has recently published an excellent history of the two Chinese Consortiums for the Council on Pacific Relations, states his conviction that President Wilson, alone, was responsible for the new policy of non-support. He points out that the statement of March 18, 1913, was given to the press, not from the Department of State (which would be the usual channel for such release), but direct from the White House, and even without the knowledge of the Acting-Secretary of State, Huntington Wilson; Secretary Bryan having for some time been away from Washington. Mr. Field further points out that Acting-Secretary

Wilson resigned his office immediately upon learning of the statement about which he had not been consulted. All this is not of vast importance, but it certainly points to the probability of some official disagreement over the Administration policy.

A little over three years passed, and there came another sudden change in policy. The Department of State which had marched down the hill turned and marched up again. In June, 1916, the Department presented to the American Group a request from the Chinese Government for a small emergency loan, and later invited the Morgan firm to send a representative to a conference called to consider this bit of Chinese financing. At this conference in Washington, on June 22, the suggestion was urgently put forward that the American Group advance the Chinese Government some four or five million dollars to relieve their current administrative necessities.

Ignoring the Group's serious embarrassment, caused by the abrupt alteration of the Government's attitude three years before, Davison, who followed these new developments very closely, made clear, in behalf of his firm and its associates, their desire to render any possible service they could. In a letter dated July 26, 1916, addressed to the Secretary of State by the American Group, Davison recounted their experience a few years previously and pointed out the restraining obligation, with regard to any new Chinese loans, which they still recognized as binding under the old Six-Power Group agreement. But the latter went on to state that the Group would consider doing the business if the United States Government so requested, and in any event would coöperate to the fullest extent with any American banks or bankers undertaking the business; and further, would make available all the valuable in-

formation and data accumulated by the Group over a period of years. The State Department finally indicated, however, that while it would be glad to see China receive the required financial assistance it would not at the moment urge American bankers to do the business. Thereupon the matter dropped.

In June of 1918 the Wilson Administration took up again seriously and actively the whole question of Chinese financing and of participation in it by American banking interests. The Administration not only reversed its policy of negation, declared early in 1913, but went further than the Taft-Knox movements had gone in outlining a completely new policy in regard to Chinese Government financing and the proper relation thereto not only of the American, but of the so-called Western governments generally. In identical notes to the Foreign Offices of Great Britain, France and Japan (German and Russian participation being deemed then quite impossible), the United States Government, on July 10, 1918, suggested and, on October 8, expressed definitely the hope that these three Governments would join with it, and consent to the formation of banking groups from their respective countries which would co-operate with the American banking group, for the purpose of organizing a new Consortium to assist China upon lines somewhat different from those prevailing in the old Consortium.

Inasmuch as Davison was then fully pre-occupied with Red Cross affairs, at his request and that of the American Group, I represented that Group at the preliminary meeting of the international banking groups held at Paris in the spring of 1919. Tentative organization looking to the formation of a new Consortium was fully discussed; but the Japanese Government attitude, as reflected through the Japanese banking rep-

representatives, was somewhat reserved, because of the special rights and interests to which the Japanese Government considered itself entitled in the regions of South Manchuria and of the Eastern portion of Inner Mongolia adjacent to South Manchuria. As to this reservation, several notes were exchanged between the Department of State and the British Foreign Office, on the one hand, and the Japanese Government on the other. But little headway was made and an *impasse* seemed to exist.

Consequently, at the request of the Department of State, approved by the British and French Foreign Offices, I visited Japan and China in the spring of 1920, and had extensive conferences with all the authorities and with the Japanese banking group. A formula was worked out satisfactory to Japanese ideas, and was by cable approved by the Department of State and by the British and French Foreign Offices. The representatives of all three banking groups, British, French and Japanese, were good enough to accept the invitation of the American Group to attend a conference in New York, and there on October 15, 1920, the organization of the new Consortium for the assistance of China was announced. Although Davison took no active part in these conferences, his interest and blessing were of great value to all those participating in this renewal of his old work for China. And up to the time of his last illness, he continued to follow Far Eastern matters with close and helpful attention.

As a matter of fact, the new Consortium has never, in all its twelve years of formal existence, functioned as an organization to advance funds to the successive Chinese Governments that have sat at Peking or Nanking. Immediately upon the organization of the Consortium in 1920, a popular outcry was raised in China

to the effect that the Consortium was organized to fasten a "monopolistic, foreign, financial control upon China," as the phrase frequently ran. Chinese politicians vied with one another in seeking popularity with slogans like these. The Chinese generally were never made aware of the fact that, far from seeking financial control in China (an obviously quite impossible undertaking), the various banking groups were each so hesitant about undertaking any loans whatsoever in China, that they decided that the only method of affording any measurable safety for any such loans was through international, coöperative effort. The Chinese politicians never allowed their people to realize that such coöperative effort, on the part of foreign groups friendly to, and desirous of assisting China, might constitute a movement of great value to that country.

China's loss has been a gain to the Consortium in that its groups have never been tempted to arrange loans to the Chinese Governments, and later be obliged to contemplate the same default upon them that has fallen on most foreign loans made to China in the closing years of the last and the early years of the present century.

In passing, it may be permissible finally to note how complete was the reversal of the Wilson Administration, in its new attitude, from the one which it took in 1913, when it abandoned the American Group of the Consortium to its own devices. In its new approach, and in urging upon the British, French and Japanese Governments the organization of a new banking Consortium, the Wilson Administration stated in identical notes to the three powers mentioned: "The Governments of each of the four participating Groups undertake to give their complete support to their respective national Groups, . . ." Again in the Department's

letter of July 9, 1918, to the American Group, Secretary of State Lansing said: "This Government \* \* \* is willing to aid in every proper way and to make prompt and vigorous representations and to take every possible step to insure the execution of equitable contracts, made in good faith by its citizens in foreign lands."

Plainly this was the opposite of the attitude of five years before, as was also the Secretary of State's new declaration to the American Group: "I will say that the Government has suggested that this loan [to China] be made, and would have no hesitancy in formally stating that fact at the time of issue." It is a happy thing that Governments, like human beings, can afford to be inconsistent. Otherwise, progress might come to an end.

Writing somewhat reminiscently of the Consortium and of Davison, President Taft, several months after his term of office had expired in 1913, said this:

"He was also of the utmost benefit to the Government, when I was President, in assisting the State Department in the very earnest effort that was made to organize a six-power loan, through which the United States would have been able to exercise the most beneficent influence in behalf of China in the matter of securing justice to her from European nations. Mr. Davison, representing Morgan & Company, accepted the suggestions of Secretary Knox, and tendered the valuable services of a syndicate in this country to furnish a share of the loan which should come from this country in the carrying out of the plan which Mr. Knox was largely instrumental in devising. The loan was not sought for by the banks, but Mr. Knox sought the banks to assist in the loan in order that we might have a leverage by which to exercise substantial influence in the protection of China and in the securing of equal-



ity in the world's policy toward her. I do not think that the fact that the present Administration has ignored the value of the structure which we had reared, and has rejected it, in any way minimizes the valuable service of Mr. Davison in bringing about a situation in which, had the government of the United States been better advised under the present Administration, we could have helped along the civilization of the world by helping China."

Davison had never visited the Far East, but internationally minded as he was, he was quick to perceive the importance of studying American interests and contacts in the Pacific basin. He realized, also, the genuine sentiment friendly to China that existed throughout the United States, with the possible exception of the Pacific Coast. These were the years, too, when Chinese political developments were attracting attention in America. The fall of the loosely knit Empire, and the early attempts of the new Republic to effect organization were of absorbing interest. Coincident with these developments came the social upheaval and the rise of the so-called young China: the manifest, but oftentimes ill-directed, zeal of the student groups.

While the great mass of American people failed, perhaps, to follow in detail all the developments of what has sometimes been called the Chinese Renaissance, it had become important for American men of affairs and bankers to watch and study the application of Western ideas to this ancient, oriental civilization, and to the rise in Asia, even in distorted form, of modern nationalism. It was undoubtedly his observation of such matters that excited Davison's special interest in the constructive efforts that he made towards Chinese Government financing. He would have been disillusioned, as his successors in his work have been, by

the confusion worse confounded and by the turmoil that have in recent years prevailed in China. But he, like his successors, would have had faith that this industrious and peace-loving people, of excellent mind and capacity, would eventually work out its tremendous political and social problems and evolve from a people into a nation.

## CHAPTER XIV

### NEW YORK CITY'S CREDIT SAVED\*

*Outbreak of the War—Effect on the world money markets—Sterling goes to a premium of \$7—Plight of New York City—Its maturing obligations of almost \$80,000,000 in London and Paris—Morgan firm takes the lead in working to save the City's credit—How the plans were carried through—Comptroller Prendergast's statement*

ON JUNE 28, 1914, the Archduke of Austria was murdered at Sarajevo. There followed a month of negotiations between the Foreign Offices of the great nations of Europe, the fruitlessness of which we can understand a little better now than we could then. On August 2, 1914, the German Government delivered its ultimatum to Belgium, and on the next day Lord Grey's speech in the House of Commons made clear that, if Germany invaded Belgium, England would go into the war. England declared war on August 4.

Despite the month that had intervened between the Serbian assassination and the opening of hostilities between England and Germany, there was practically no feeling in New York that a general European war was imminent. Few serious people really expected that the highly civilized nations of Europe would actually em-

\* This chapter, as stated in the Foreword to this volume, was written, several years prior to his withdrawal from the firm, by the late Dwight W. Morrow. In explaining how New York City's foreign obligations were met Dwight Morrow has properly given the chief credit for the performance to J. P. Morgan and Davison. But as Davison himself often testified, and as we had ample evidence at the time, Morrow himself was exceedingly active, taking a most important part in the conception and execution of the whole plan.

bark on a great conflict. Somehow or other it would be averted. Harry Davison shared this view; and when Davison held views he held them strongly. As late as August 1, he expressed the opinion most positively that there would be no general European war.

Lord Grey's speech of August 3 and the invasion of Belgium threw the money markets of the world into the greatest confusion. London was the banking centre of the world. It was there that international settlements were made; the values of the moneys of the world were reckoned in pounds sterling. The gold content of the pound sterling is equal to \$4.8665. In normal times a New York merchant or banker, who had a contract to perform in London requiring the payment of pounds, could buy a claim against a responsible London bank or merchant and transfer that claim to his own creditor in London, thus settling the debt. But all the delicate mechanism of exchange transactions broke down completely with the outbreak of the World War. There was no longer a free market for gold. It was impossible to draw gold from the banks with which to make international settlements, and even if the banks had surrendered their gold it was uncertain whether it could safely be transmitted across the ocean. Exchange on London in New York rose immediately from a normal of \$4.8665 to a temporary high point of \$7 to the pound. This did not mean that in the ordinary sense a pound sterling was worth seven dollars: it merely meant that merchants, who required sterling bills in order to discharge their contracts in London, were willing to pay what they had to pay in order to secure them.

In the early part of August, 1914, Comptroller Prendergast, of the City of New York, called upon J. P.

Morgan & Co. and advised them that the City of New York had outstanding short-time notes payable in London and Paris in the following amounts:

<i>Payable in London in</i>	<i>Pounds Sterling</i>
September, 1914.....	2,170,000
October, 1914.....	2,310,000
November, 1914.....	6,225,000
December, 1914.....	2,605,000
January, 1915.....	100,000
	<hr/>
	13,410,000
 <i>Payable in Paris in</i>	 <i>Francs</i>
September, 1914.....	7,000,000
October, 1914.....	10,450,000
November, 1914.....	35,550,000
December, 1914.....	8,500,000
January, 1915.....	—
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	61,500,000

The total was equivalent, at par of exchange, to about \$77,200,000.

It had long been the custom of the City of New York to issue short-time notes in anticipation of taxes which are due to be paid in the autumn, and of the sale of long-term bonds. Usually these short-time notes would be sold in the New York money market, and if the notes matured prior to the receipt of the anticipated funds, it was in normal times an easy matter for the City to renew them. However, because of the more advantageous rates of interest prevailing abroad, the City had issued its notes, in 1914, in pounds and francs and had discounted them at low rates of interest in London and Paris. It was consequently under obligation to pay off these notes in pounds sterling and in francs. Ordinarily the aggregate amount of the indebtedness in dollars would, as stated, have amounted to approximately \$77,000,000.

But under the abnormal exchange conditions of

August and September, 1914, it was impossible to determine how many dollars would be required to discharge the obligation. It was the opinion of the city officials, and of the partners of J. P. Morgan & Co., that any attempt to purchase the very large amount of London exchange required to meet these city notes would only result in still further bidding up the market in sterling and francs, thereby increasing the loss to the city.

The situation was so serious that there was talk of the city declining to meet its maturing obligations. The argument of those advising such a course was that America had had no part in making the World War and that it could, therefore, fairly decline to repay its obligations until conditions returned to normal. Davison was insistent that no consideration should be given such a suggestion, and he was from the start outspoken in his conviction that the only course open to the city was that of meeting its obligations without delay. Comptroller Prendergast was of the same mind and never for a moment swerved in his determination. The failure of the greatest city in America to meet its obligations punctually would only have added to the world confusion; moreover, it would have dealt an almost irreparable blow to the credit of New York City, as well as cast discredit upon all the United States.

The problem presented to the city was twofold: first, how to obtain sufficient dollar funds at a time when security markets were in a state of panic; second, how to make certain that dollar funds, even if obtained, could be used to satisfy obligations payable in pounds and francs. There was one method by which this result could be assured. That was for the city to sell its obligations to those who would pay for them in the actual gold, so that, should the creditors require it, the

actual gold would be available for shipment. But the securing of approximately \$77,000,000 in gold, in August, 1914, seemed an impossible task. Although on the eve of organization, there was at that time no Federal Reserve System. The gold reserves of the country were scattered among the various reserve and central reserve banks. Those banks had practically all suspended specie payments.

J. P. Morgan, our present senior, and Davison, however, believed that, despite the adverse market conditions, New York City could sell its bonds or notes in the American market, thus securing dollar funds. They further believed that, if the New York banks as a whole were appealed to, they would surrender gold from their gold reserves in order to protect the city's credit. Before undertaking the work of organizing the New York City banks to carry out the transaction, Davison arranged for an interview with the Secretary of the Treasury, in order to obtain the approval of both the Secretary and the Comptroller of the Currency to this operation to protect the city's credit; the operation being so large as to mean a further reduction in the cash reserves of the banks. The plan also involved gaining approval from the Treasury Department, for the use of New York City obligations as security for emergency currency, to a somewhat larger extent than might originally have been expected. The following letter was designed to make clear to the Secretary that the firm intended to handle the transaction with as small a shipment of gold as possible, but that, in order to assure the city that its obligations abroad would be met, it was necessary to organize such a handling syndicate as would be certain to have the gold available for shipment, in case of necessity:

## NEW YORK CITY'S CREDIT SAVED 177

*August 21, 1914.*

HON. W. G. McADOO,  
*Secretary of the Treasury,*  
*Washington, D. C.*

DEAR MR. SECRETARY:

After the interview with the Federal Reserve Board, which you were kind enough to arrange for me yesterday, you asked that I write a letter to you stating the substance of our conversation in order that you might have something on record.

At the beginning of the interview I informed the Board that the Comptroller of the City of New York had advised us that the City would require something in the neighborhood of \$120,000,000 between now and December 31st in order to meet maturities and to provide \$7,000,000 or so of new money which it must have to carry out certain contracts now under way. Of the total amount, something approximating \$84,000,000 is due and payable in Europe during the next four months. It was stated also that it was in contemplation to get up a party, including the banks of New York, which should arrange to take New York City short-time obligations to this extent; that this would be done only upon the understanding that the finances of the City are to be conducted upon a policy different from that followed during many years; that the new lines should lead to the stopping of debt-increase and gradually, by additional taxation, to a reduction of the debt; that an agreement should be had with the fiscal authorities of the City whereby these new notes would be paid off by the issue of long-time corporate stock, to the extent that that could properly be done, and that the revenue bonds which are issued against taxes to come in, and in arrears, should be paid off from taxation within a period of two years.

It was stated that undoubtedly the banks would desire to do what they could, but that they could not do anything upon such a scale without the knowledge of the Secretary of the Treasury and the Comptroller of the Currency; that the banks might be obliged to further reduce their cash reserves in order to protect the City's credit; and that it would be necessary also for the Treasury Department to permit New York City obligations to be used as security for the emergency currency to a somewhat larger extent than might have been expected. You asked to what extent I thought this might go, and I said I did not know—probably 30%. You understand of course that this figure is entirely guesswork, and that each transaction would have to be taken on its own merits.



The Board was also informed that New York was trying its best to get along with as little help from outside as could be, but that it might be necessary as time went on for it to ask for help from the Treasury. I understood that you and the Comptroller of the Currency would view with favor the steps the New York banks felt it incumbent upon them to take to preserve the credit of New York City; that, of course, you could make no commitment in regard to it, but that, understanding the circumstances, you would have no objection to such a transaction; that, if it came to a question of help from the Treasury, if the Treasury was satisfied that any part of the country was in need of help and had done the best it could for itself, the Treasury would give to New York or any part of the country in that condition, such help as it properly could.

I told you that we hoped to be able to pay off the New York City debt abroad, when due, with as little shipment of gold as possible by the purchase of exchange as and when made by the shipment of grain and other materials to Great Britain and France, and that various houses that have to do with exchange transactions would be interested to assist whenever they could in this direction. At the same time, to absolutely assure the City that its obligations payable abroad can be met, it is necessary to form a party commanding sufficient gold to fulfill the obligation in case the fortunes of war should unhappily render it impossible to make shipments of foodstuffs across the Atlantic, and, therefore, impossible to purchase bills of exchange.

This, I think is the sum of what was said in regard to that matter. I am to keep you advised as to conditions and as to the way this special transaction progresses.

If the foregoing is in accord with your recollection, I shall be glad of your confirmation of it.

With kind regards, I am, dear Mr. Secretary,

Yours very truly,

J. P. Morgan.

A careful analysis was made of the securities which New York City could legally issue. It was determined that it was to the best interest of the city to sell short-time notes rather than long-term bonds; this, because of the disorganized financial conditions prevailing, with the Stock Exchange closed\* and the probability that a

\*The New York Stock Exchange had been closed on July 31. It reopened for trading in bonds under restrictions on November 28, and for limited

permanent high rate of interest would have to be paid upon any long-term obligations offered. It was further determined to make an offering large enough not only to take care of the foreign maturities, as given above, but sufficient to take care of the city's local requirements until the tax payments fell due. Conferences were then held with the heads of the principal banks in Greater New York. The result was the very unusual contract which was formally entered into on September 10, 1914, but which was practically concluded some time before that date, inasmuch as Davison on September 4, 1914, had in the firm name addressed to Comptroller Prendergast a letter signed jointly by J. P. Morgan & Co. and Kuhn, Loeb & Co., undertaking to form a syndicate to carry out the contract, actually signed six days later.

The nature of this contract was twofold: first, the one hundred twenty-six participating banks of Greater New York agreed to buy, in designated proportions, \$100,000,000 of one, two, and three year six per cent notes, the money to be left by the city upon deposit with the banks, subject to call and bearing interest at 2 per cent; second, up to an amount of \$80,243,940.47 (needed to meet the foreign-held obligations), the participating banks agreed as called upon to furnish gold to the city.

J. P. Morgan & Co. had invited Kuhn, Loeb & Co. to become associated with them as syndicate managers. The managers were empowered to resell the notes to the public for account of the participating banks, the notes being offered to the public at exactly the price at which the banks had bought them from the city. The syndicate managers were also empowered by the

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trading in stocks under restrictions on December 12. It was not until April 1, 1915, that all restrictions were removed.

city to determine when and how to withdraw the gold from the banks. They could demand from the banks either clearing house funds or gold, subject to the qualification that if gold were called for, the banks upon which the demand was made could, at their option, pay in approved sterling or franc bills at a rate equivalent to the estimated cost of shipping gold. The sum of \$80,243,940.47 was reached by estimating a rate of exchange of \$5.035 for each pound sterling and 20 cents for each franc. The syndicate managers undertook, on behalf of the syndicate, to discharge all the pound and franc notes of the city at a maximum cost to the city of this \$80,243,940.47.

The net profit to the syndicate from the exchange operation was limited to 2 per cent upon said \$80,243,940.47. It was clear that, if exchange should fall below \$5.035 for the pound and 20 cents for the franc, there would be a profit; if it should advance, there would be a loss, except so far as the syndicate should use gold to make the payments. Any profit above the 2 per cent *was to go to the city; any loss was to be borne by the syndicate*. The syndicate managers acted entirely without compensation, nor did they become members of the syndicate, except to cover the "slack" resulting from the fact that a few banks declined to take their pro rata participation.

Davison's services in organizing this remarkable consortium of banks were of the first rank. He was largely responsible for determining the basis of division of the syndicate liability among the different banks of the city, this basis determining the amount for which they could respectively be called upon for gold payments. The basis of the apportionment was, after protracted discussions, settled as approximately 4 per cent of the net deposits of each bank in the city. This

scheme resulted in an allotment which involved, in the case of large banks, a very substantial commitment for the release of gold, which commitment had to be arranged by personal contact with the executives of each of the banks.

This work, to a large degree, fell on Davison's shoulders. It must be remembered that each of the one hundred twenty-six banks in the syndicate had a separate board of directors, and despite all that is said about banking domination, leadership depends primarily upon character, courage, and judgment. The meeting in person, in a very short period, of the representatives of this large number of banks; the making clear to them the complexity of the problem, the need of its solution, and the great advantages, to the credit of the city and to the whole community, in the courageous and moral course of performing one's obligations: this was the task, and it required the unremitting effort of the whole Morgan organization during anxious days and nights. The negotiations with the city were led by J. P. Morgan and Davison in person. The organization of the group of banks was peculiarly the work of Harry Davison. His wide knowledge of the bank personnel, his unusual combination of courage and persuasiveness, made him the man best fitted in New York to enlist the coöperation of all the banks.

The actual contract with the city was signed late in the evening of September 10, 1914, as a matter of fact, about two o'clock in the morning. That same night notices were sent to the banks calling for their first payment. Payment for the notes in dollar funds was to be made at the office of J. P. Morgan & Co. on the following day, September 11. On that day a temporary office of the Comptroller of the City, in charge of a deputy comptroller, and a temporary office of the City

Chamberlain, in charge of the Chamberlain's representative, were established in the offices of J. P. Morgan & Co. The participating banks delivered to the Comptroller checks for their full subscription, receiving the interim city securities. The Comptroller immediately endorsed such checks to the City Chamberlain, and the City Chamberlain opened deposit accounts with the participating banking institutions so far as they technically could be approved as city depositaries.

On Wednesday, September 16, the participating banks were called upon by J. P. Morgan & Co. to pay over \$8,257,400 in gold, which was sufficient to take care of all of the city's obligations maturing in London up to September 28. Without waiting for that payment, however, J. P. Morgan & Co., on September 16, had shipped \$6,600,000 in gold to Ottawa under an arrangement with the Bank of England, by which gold delivered to it in Ottawa could be made available at once as a credit in London.

On September 17, 1914, J. P. Morgan & Co. and Kuhn, Loeb & Co. offered for account of the banking syndicate the \$100,000,000 of corporate stock notes and revenue bonds for public subscription. The offering was made broadcast throughout the United States, and J. P. Morgan & Co. alone received over *five thousand* applications aggregating \$116,193,500. Allotments were materially scaled down, and the notes went to an early premium, thus making a conspicuous success of the first public financial offering of any magnitude, attempted after the outbreak of the War. By this public sale, the banks were relieved of the notes which they had taken, except so far as they voluntarily became subscribers to the notes. The banks, of course, remained under their obligation to repay the city's deposit in gold until the entire \$80,243,940.47 was drawn.

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From time to time during the autumn, further payments of gold were called from the banks and shipped to Ottawa. As had been predicted, the readiness to ship gold had an almost immediate effect upon the exchange market. Approximately \$35,000,000 in gold was shipped to Ottawa to be credited to the Bank of England for account of Morgan, Grenfell & Co. of London. This credit was used by Morgan, Grenfell & Co. to take up the New York City notes as they matured. The balance of the exchange on London required was either furnished by the banking members of the syndicate or purchased in the open market when exchange reached a point where it was cheaper to buy exchange than to ship gold. Similarly, the maturities in Paris were met by purchasing exchange on Paris or by authorizing Morgan, Harjes & Co. of Paris to draw on London.

In August it had been estimated that it would require \$80,243,940.47 to meet the city's maturities. The actual amount required, however, was \$78,167,352.32, leaving a profit of \$2,076,588.15, of which the syndicate was entitled to retain \$1,604,878.81, and the balance, amounting to \$471,709.34, was repaid by the syndicate managers to the City of New York in January, 1915. The early announcement of the negotiations had been made by Comptroller Prendergast in a public statement, quoted in *The Commercial and Financial Chronicle* of September 12, 1914, as follows:

September 5, 1914.

It is with the very greatest gratification, as the city's financial officer, that I am giving to you the proposal from Messrs. J. P. Morgan & Co. and Messrs. Kuhn, Loeb & Co. This proposal represents the successful completion of four weeks of unremit-

ting effort to secure for the city the necessary financial assurances to enable it to discharge its very large foreign obligations. From the very beginning the foreign debts have, of course, proved our greatest problem.

Four weeks ago I called on Messrs. J. P. Morgan & Co. and explained the city's exact condition. I found Mr. Morgan not only sympathetic but willing in the most emphatic way to help all he could, and one of his first statements to me was that in anything he might undertake his firm did not wish to make any money out of the city. In fact when it was at one time proposed that the city had a perfect right to pay a commission of  $\frac{1}{2}\%$  for services in securing its accommodations, Mr. Morgan rejected the idea.

It will be observed that the proposed agreement does not contemplate any profit for actual services rendered as syndicate managers to either Messrs. J. P. Morgan & Co. or Messrs. Kuhn, Loeb & Co., and I am certain the people of the city will, as they should, appreciate the fine spirit of civic interest in which these gentlemen have undertaken this tremendous task.

One thing in regard to the proposed agreement which it seems to me is most impressive is the democratic nature of the undertaking. Every bank in the City of New York is to be invited to participate in aiding the city to discharge its financial obligations. It is not to be the work of any coterie or faction, but the undivided work of all the banks of the city.

No one must imagine, because New York City is about to secure the funds it will require to discharge its obligations for the balance of the year, that we are in any position to depart from the policy of reasonable economy and retrenchment already under

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way. In harmony with this policy it is proposed to abolish the practice of issuing long term bonds for any improvements, except those that are self-sustaining. The work now under way and that which is already under contract, with the exception of transit, docks and water supply (which are in the self-sustaining class), it is designed to finally pay for in the form of fifteen-year serial bonds. The effect of this will be in the first years to put a somewhat larger amount in the budget than if fifty-year bonds were issued, but the gross outlay, principal and interest, under this system, will be many millions less than if long term bonds were issued.

The people of the city should bear in mind that a fifty-year bond, before it is canceled, means that the city has disbursed three times the amount of the original outlay.



## CHAPTER XV

### ANGLO-FRENCH LOAN OF 1915

*Rapidly increasing purchases by the British and French Governments in America—Preliminary discussions by Davison in London as to loan possibilities—Arrival of the Anglo-French Loan Mission under Lord Reading—Difficult and protracted negotiations—Final success of the issue—A landmark among financial operations*

NO POSSIBLE estimate could ever have been made of the enormous tangible benefits flowing to American agriculture and industry from the proceeds of the great Anglo-French Loan of \$500,000,000, issued in October, 1915. Sixty per cent of its proceeds was expended in the Mississippi Valley alone. It was a striking operation—the first piece of important War financing for any of the foreign governments, in which Davison played a conspicuous part.

There were three ways—and three ways only—through which the Allied Governments could find means of payment for their rapidly growing purchases in the American markets. One was to ship gold. And such shipments of gold up to April 6, 1917 (the date when the United States declared war against Germany) amounted to over a billion dollars.

A second way was to mobilize, or gather together, masses of American securities held chiefly by British investors—only a limited amount by French—and sell these in the American investment market. This plan was followed on an extensive scale. The British Government would buy from its citizens their American investment holdings, paying therefor in British Gov-

ernment bonds, and then, as opportunity offered, dispose of them for cash in New York. This plan was on the whole an advantageous one for American investors, in that it provided for them a fresh opportunity for investment in the bonds and shares of the very American corporations which, just then, were beginning to realize unprecedentedly satisfactory profits, through the increasingly heavy purchases of the Allied Governments.

The third method of finding money for their American requirements was for the Allied Governments (chiefly the British and French) to borrow money in the American markets. Early in the War the members of the Morgan firm realized the benefits which would accrue to America's export trade, if the Allies were able to find adequate credit facilities here. This was a leading consideration which prompted J. P. Morgan & Co. to undertake the burden of leadership in practically all of the public loan operations in America, of the British and French Governments during the first three years of the War. It was manifestly to the distinct advantage of the American community to extend credit on such a scale to the Allied Governments as would enable the latter to continue their enormous purchases of American grain, cotton, copper, steel, leather and other products.

After the War was well over, the cry began to be raised that American bankers had dragged the United States Government into the conflict in order, as it was often put, "to make good their foreign loans." Of course, any such charge was so absurd and unwarranted as to be ridiculous. It could be believed by no one not misled by prejudice. The total amount of unsecured loans, issued in America by the British and French Governments and outstanding at the time America en-

tered the War, did not exceed \$500,000,000, and there never could have been any valid doubt of their goodness. At the time of their issue they had been widely distributed throughout the American investment community, and were not—contrary to common belief—held in bulk by bankers.

During the period when the American agricultural and industrial community was so manifestly benefiting from the proceeds of the Allied loans in America, comparatively little was heard of the allegations that I speak of. It remained for sensational writers of a later day to draw a false and fantastic picture of an informed and patriotic Congress, entering a world war, in which it was destined to authorize outlays of close to thirty billions of dollars—including eleven billions in loans to these Allied Governments—all at the behest of crafty bankers—a picture so ridiculous as to refute itself by the mere statement of it.

But we must take up the story of the first of these important Allied credit operations, and of Davison's part in it. Because of his close personal contacts with members of the British Government and the confidence which they early bestowed upon him, it was easy for him to understand the considerations affecting British policy, and the general relationship which it bore to the whole Allied programme of American commodity purchases. On the other hand, his outstanding personality and his wide acquaintance among American bankers were of high value at times when the coöperation of the banking community was important to the success of these Allied credit operations, which were contributing so much to America's trade revival.

The weeks which Davison spent in London in December of 1914 and early January of 1915 gave him his first clear idea of the Allied financial problems, and

of the manner in which they might be handled so as to meet the interests of the American community. Just prior to this trip abroad, Davison took part in working out various plans, like the so-called Gold Pool, for meeting the sudden financial strain in the American markets, occasioned by the temporary breakdown of much of the existing credit machinery. One of these was the Cotton Loan Pool, organized to provide a credit for financing the Southern cotton crop. Another current problem was the question which had been under consideration between representatives of the British Treasury and a committee of New York bankers. It involved the establishment of reciprocal credits to be used, as and when required, for the stabilizing of exchange. The plan for such a credit, amounting to £20,000,000, was satisfactorily shaped up, but the scheme was never utilized.

The larger subject of direct British Government borrowing did not come up when Davison first arrived in London. In conferences there with the Governor of the Bank of England, Walter—later Lord—Cunliffe, Davison learned that the Government did not feel that the time was ripe for seeking a loan in the United States. The possibility, however, of a loan to the Roumanian Government was discussed. A necessary condition of any such loan would, of course, have been that, as to the American markets, it must bear the guarantee of the British Government. But the British Government itself finally abandoned the whole plan.

It was not until December 16, at a luncheon attended by several of the leading British officials and by Davison, that the question of an American loan came up for consideration. Mr. Lloyd George, then Chancellor of the Exchequer, inquired of Davison whether J. P. Morgan & Co. would, in case of need—say, six months later

—be in a position to arrange with the British Government for some American financing. Davison assured him that the firm would be interested in doing anything possible, and indicated that some operation might be handled even earlier, perhaps in late February or March.

The officials formulating British policies soon came to place high value upon Davison's advice, and sought it almost daily throughout his stay in London. Upon one occasion Mr. Asquith, then Prime Minister, with whom Davison, and Mr. Lloyd George and other British leaders, were conferring, turned and asked one of these associates to show Davison a cable just in from Russia. This official was apparently reluctant to show the message, but the Prime Minister insisted that he wanted to have Davison's advice in the matter. Thereupon, this cable, which was of highly confidential and serious import and related to the question of giving financial assistance to Russia, was produced. After Davison had read it, he remarked that it was a "pretty tall order" for him to express an opinion when he was so completely ignorant of the circumstances surrounding the matter. He was bold enough to say, however, that if his opinion were wanted, he would be glad to give it in general terms. It was: that the sooner the Allies got together at one table the better it would be for their interests; in his opinion, that was the way to win the War. He urged strongly that with respect to finance and supply, and, indeed, as to all the questions which might develop in connection with the War, it was of prime importance that the Allies should sit down together, and stay there until the War was completed.

As to the specific but complex question raised in regard to financial assistance for Russia, he urged that instead of attempting to cable an answer, the Cabinet

should send for the writer of the cable and take up the various questions face to face. With these suggestions, Mr. Lloyd George expressed warm agreement, striking the table to emphasize his feelings. Whether or not the opinions of this American banker counted at all, it is common knowledge that not long afterward joint conferences were held in Paris at which the representatives of the British, French and Russian Governments did, for the first time, sit down at one table and take account of their financial resources.

When Davison first reached England on this particular trip, he received word from his Paris partner, Herman Harjes, that the French Government officials had informed him that they would be pleased to discuss the matter of their financial resources in the United States. So, taking advantage of a lull in the British discussions in regard to purchasing, Davison went to Paris and conferred there, on January 8, with M. J. de Margerie, Permanent Under-Secretary of Foreign Affairs, and with M. Ribot, Minister of Finance. With each of these officials, he reviewed the history of the discussions with the French Government that had taken place in the early weeks of the War. He also recalled the house's traditional good-will for France, dating back to 1871, when Junius Spencer Morgan, the elder, helped to finance the French indemnity to Germany.

As far, however, as a public loan offering was concerned, Davison explained that Mr. Morgan and his partners in New York thought the wisest course was to let the situation rest for the moment, until the extent of Britain's needs for the wholesale purchase of American supplies had been clarified, and the time should have become ripe for a more comprehensive operation. Various minor schemes for enabling the French Government to accumulate cash reserves in New York were

considered. Among others, Davison suggested the resale to the Pennsylvania Railroad Company of its  $3\frac{3}{4}$  per cent franc loan of 1906. Much later in the War the merit of this plan was recognized, and the Pennsylvania Company franc bonds, which had been acquired by the French Government from the French holders of the bonds, were then sold to the Pennsylvania Railroad for dollars in New York.

In April, 1915, J. P. Morgan & Co. consented to bring out a French Republic one-year loan, which was successfully issued in the amount of \$30,000,000. And again in June, the French received substantial help through the so-called de Rothschild Frères Loan of approximately \$40,000,000, one of the firm's early activities in behalf of the French Government. This operation involved the utilization of Chicago, Milwaukee & St. Paul Railway and Pennsylvania Company franc securities, turned in by French nationals in exchange for the new National Defense Bonds of their own country.

The British Treasury, in these early months of 1915, had been successful in maintaining cash balances in New York without recourse to any large public loan. It became clear, however, that with the enormous payments for supplies purchased in the United States, a large-sized loan would soon become in order for issuance on the American market. The American demand for pounds sterling was light, but the British demand for dollars had grown so heavy that it looked as if it might prove difficult for Britain to maintain the pound at its normal value in dollars. Any material depreciation in the exchange value of the pound would have a disastrous effect upon the British programme of purchases in America. The situation thus became one of growing concern to the British Treasury and to Amer-

ican agricultural and manufacturing interests as well. British purchases were increasing apace, and the problem of making payments for them in dollars was a pressing one.

Davison went abroad early in June, 1915, to consider with the British authorities what should be done to meet the strain. He conferred with the Chancellor of the Exchequer and the Governor of the Bank of England in regard to the exchange situation. He also talked with Mr. Harjes, who met him in London, in regard to France's problem. He had in mind the possibility of a loan, either jointly to the British and French, or to the British alone. But in the confusion attendant upon a change in ministries, the British Treasury was unable to decide upon a line of action. The various officials Davison talked with were, apparently, not greatly concerned over the situation, feeling in the last analysis that they could always ship gold.

In endeavoring to develop the situation, he inquired of his New York office as to the possibilities of issuing a large British loan. In sounding out the situation, the Morgan partners found almost no encouragement. One of the factors responsible for an increasing coolness to a British loan was the effect of the terrible reverses being experienced by the Russian armies, and the failure of the British to carry out the long-heralded drive on the Western Front. In addition, investment business was poor and the New York bond market flat.

Davison was compelled, therefore, to return to New York with little accomplished, believing the situation even more serious, inasmuch as he had ascertained that, with their growing purchases of American wheat, the exchange requirements of Great Britain and France to the end of 1915 would be approximately \$400,000,000.

This was the summer in which an attempt was made



on the life of Mr. Morgan. The account of all this was, of course, published fully at the time, and it is hardly necessary to recall the matter, except in so far as it showed the apparent effort, on the part of either cranks or German sympathizers, to cripple the plans of the Allied Governments for purchasing supplies in the United States. The attack was made at Mr. Morgan's Long Island home. Although two bullets from the assassin's revolver struck Mr. Morgan, the wounds were in no wise serious, and within a few weeks he was again at his office. His own presence of mind and overpowering rush upon his assailant had saved his life.

The month of August, 1915, brought some promise of relief in the shape of the first systematic utilization of British-owned American securities, a large shipment of which arrived from England, on August 11. In this same month the French Treasury, now thoroughly aroused, reached an understanding, in Paris, with the British Minister of Finance in regard to a joint loan operation in the United States. Therefrom developed the Anglo-French Loan of \$500,000,000, issued on October 15, 1915. In all the negotiations with the Joint High Loan Commission, which preceded an agreement, and in the difficult task of floating a loan four times larger than any the American public had ever been called upon to make, Davison took a leading part.

The Commission, headed by Lord Reading, Lord Chief Justice of England, arrived in New York on September 10, 1915, and was met by J. P. Morgan and Davison. Actual negotiations began on Monday morning, September 13, at a session which Morgan, Davison and myself held with the commissioners at the Hotel Biltmore. The commissioners had arrived with only a vague idea of the conditions prevailing in the United

States. They had supposed that the American public would be eager to lend Great Britain and France practically any sum of money, at a moderate rate. Almost at the outset it became evident to Lord Reading and his associates that a radical revision of their views would be necessary.

Days passed in discussions. The firm met in frequent, formal sessions with the commissioners, and, between times, held conferences with representatives of the leading New York banks and banking houses. In one of the first discussions that the Morgan partners had with the Commission, they advised Lord Reading that in view of the importance of the transaction to American as well as to Allied interests, they would accept no compensation for their services.

Finally, on September 25, an arrangement was reached. The Morgan firm was to endeavor to form a syndicate which would underwrite, that is, guarantee, the purchase of \$500,000,000 of bonds which should be the joint obligation of the British and French Governments. The bonds were to bear interest at 5 per cent, were to mature in five years and could be converted, at the option of the holder, into British-French bonds bearing  $4\frac{1}{2}$  per cent interest, with a later maturity. The syndicate was to underwrite the whole issue at a price of 96, and to offer it to the public at 98. Incidentally, it may be noted that this entire issue has now been paid off.

Then came the question whether the firm would be able to mobilize the banking community to an extent sufficient to get the \$500,000,000 issue underwritten. The organization necessary to handle the Anglo-French loan was tremendous. It required the largest group for distributing bonds ever organized in the United States. In it, were 1,570 members representing all parts of the

United States. Its managers consisted of sixty-one banks, trust companies, and investment houses in New York City.

By October 13, the total amount of the underwriting secured, outside of the firm's own subscription, was for \$508,000,000 of bonds, and, on October 14, the arrangement was concluded by the Commission in behalf of the British and the French Governments, and by J. P. Morgan & Co. as agents for the syndicate managers. It so happened that agreements, covering participations amounting to something like \$162,000,000, were not yet in hand. But to enable the members of the Commission to sail on the following day, as they had planned, J. P. Morgan & Co. assumed the responsibility involved. At a time when underwriting pledges of only \$320,000,000 had been secured and there seemed grave doubt as to whether the gap could be filled, Mr. Morgan said to his partners: "The firm must, regardless of the risk, commit itself to do this task. I have faith that the necessary participations will be forthcoming to help us out, whether they come from the sky or the earth or the waters under the earth."

The distribution of this huge loan issue was a memorable achievement. In the American community, there were millions of German-born, or citizens of German parentage. These groups were especially powerful in centres like Cincinnati, Chicago, Milwaukee and St. Louis. Naturally such groups as a whole, with certain notable exceptions, were openly hostile to the cause of the Allies. Ably abetting, and frequently outdoing them, were certain other elements which rejoiced at every development unfavorable to British success. Such groups had aroused a deep feeling of hostility against the loan, and the public demand for bonds had been greatly lessened by the necessity of

including many of the largest investors as underwriters. Thoroughgoing measures had to be employed to make effective an educational campaign throughout the country. But the final result was deemed by the whole American community a great triumph for the Allied cause.

The final commitment on the part of the firm and of Drexel & Co., including the partners of both houses and their customers, amounted to over \$30,000,000. And it may be noted that neither the firm as agents for the managers of the Loan, nor the managers themselves, made any charge for their services. The syndicate had to deduct its costs of advertising and selling from the margin of 2 per cent between cost and sale price, and its only possible profit lay in such residue, if any, as there might be after the work had been accomplished.

In Chicago, there were so many thousands of German-sympathizing depositors among the banks that the officers of the leading institutions, fearing heavy withdrawals by such depositors, decided it to be more prudent to have nothing to do with the projected loan and to refrain from joining the Eastern banks in helping to underwrite it.

There was, however, among the Chicago banks one striking exception. That was the Central Trust Company of Illinois, headed by Charles G. Dawes, later Vice-President of the United States and more recently Ambassador to Great Britain. Mr. Dawes (he had not then won his title of General through his effective work with the A. E. F. in France) declared that the operation was important from the American, and every other reasonable viewpoint; that he approved the great efforts which the Morgan firm was making, and was determined to do what he could to help in the situation.

He had good reason for satisfaction in the stand that he took; for though, when it was first announced that his bank was an underwriter of the loan, a considerable amount of so-called German-American deposits was withdrawn, later they flowed back, and were supplemented by heavy fresh deposits from individuals and corporations which approved General Dawes' fine and vigorous action.

Throughout an extremely difficult situation, Lord Reading had displayed extraordinary firmness and persistence, as well as great intelligence. He not only had a novel set of circumstances to meet, but in addition the Commission of which he was the head was not altogether like-minded and was hard to handle. When the success of the loan was assured, Davison suggested, as a strategic move, that Lord Reading and his Mission should visit Chicago, for the purpose of paying its respects to the great commercial and banking community of the Middle West, especially inasmuch as sixty per cent of the proceeds of the projected loan was to be spent in the Mississippi Valley. I was designated to escort Lord Reading and his colleagues to Chicago, where their welcome, to tell the truth, was not overwarm, because Chicago had no great hankering to take a share of the loan. Nevertheless that community, abounding in hospitality as it does, paid due honor to its distinguished visitor, who, as has been noted, was then the Lord Chief Justice of England.

So Chicago gave to the Mission a banquet, and I well recall the skill with which Lord Reading met that trying occasion. It was a trying one, because he realized that his audience had gathered out of respect to his office and his title as Lord Chief Justice, rather than to show any sympathy in the projected operation that was so vital to the Allied cause. Indeed, that

Chicago audience started out by way of being exceedingly cold to Lord Reading, and when he was introduced to speak, he was greeted with a respectful, but not a warm-hearted, clapping of hands.

Lord Reading did not attempt to talk very much about the loan. He spoke of it, to be sure; he pointed it out as a necessity, if the purchases of his Government were to continue on a large scale from our farmers and merchants. But he did not ask for Chicago's co-operation. What he did say was more effective. He declared that it was a rare privilege for him to be in Chicago, and he went on to describe how, years before, he had come near making his home in Chicago. It seems that as a growing lad, just finished with his schooling, he had determined to come to America and to make his way in the New World. He had decided to settle in Chicago. His trunk was packed and he was about to sail from Liverpool, when, suddenly, the death of a near relative changed all his plans and kept him in England.

And, as Lord Reading told the story of how nearly he had become a fellow-citizen of his hearers, there crept a something into his voice that was as if he were saying in words—although he did not say it in words—just about this: "Ah, my friends, who knows but that, if instead of stopping in humble England, pursuing the dull round of the law and finally attaining a mere Lord Chief Justiceship, I might have come out here, have settled in your midst, have become one of your leading men of business,—who knows, I say, but that I should have been a happier and at least a better man today!"

Those, as I have said, were not the words that Lord Reading used, but so strong was the impression that he gave, that when he had finished his speech his audience,

grown more and more eager, sighed with the satisfaction of gratified sentiment, stormed the speaker with applause; and the diners leaned over and allowed to their neighbors that Lord Reading was a fine man and would have made a great Chicagoan!

## CHAPTER XVI

### FURTHER FINANCING BY ALLIES

*Coördination of credit plans to meet payments promptly—Huge purchases of American products—Successive loan issues by Allied Governments—Federal Reserve Board's attitude—Heavy shipments of gold and securities to New York*

THE War had started in August 1914. A year had elapsed before the Allies had come to a realization of the task that was on their hands—a task measured in terms of marshalling man-power and financial resources, and of gathering together the vast quantities of food and munitions required for the prosecution of the conflict. When the first year had passed, both Great Britain and France were at last going full speed in all the huge enterprises that furnish backing for aggressive tactics. By this time, Great Britain was summoning aid from her colonies overseas, and so was France.

The Allied purchases in American markets were already on a great scale and constantly on the increase. The proceeds of the Anglo-French Loan of October 1915 had already found their way largely into the pay envelopes of industrial workers in the Monongahela, the Ohio and the Mississippi River valleys. Gold was coming into America by the millions. American securities, long held by European investors, were being shipped to New York by the bale and finding final lodgment in the hands of thrifty American investors.

Yet, with all the available Allied resources, a trying period was facing both the British and French Govern-



ments in their endeavor to provide funds promptly to pay for the swelling totals of their American purchases. In retrospect, it can readily be seen that the most critical period in Allied financing in the United States was in the second six months of 1916. Allied reverses at the front had their natural effect upon Allied credit in the United States. Allied morale was under a severe strain, and to neutral minds there seemed lack of unity in dealing with common problems. British gold at Ottawa had been shrinking steadily. To add to the gravity of the situation, it was just at this time that Allied requirements of materials from the United States became most insistent and grew constantly heavier.

Davison's presence in London, in the early fall of 1916, has already been alluded to. He went there shortly after the first United Kingdom Loan of \$250,000,000 had been issued in New York on September 1, 1916, secured by American stocks and bonds. In this respect, that is to say the feature of collateral security, the Loan differed radically from the Anglo-French Loan of a year previous.

One morning—it was about the first of October—Davison received a telephone call asking him to breakfast at Mr. Lloyd George's official residence in Downing Street. When he arrived about nine o'clock, he found Mr. Lloyd George and Lord Reading in a state of great anxiety. Mr. Lloyd George explained that they were greatly concerned about the needs of their War programme and the state of their financial resources. He pointed out that it was absolutely necessary for them to have an average of \$300,000,000 monthly from America through the next five months, or else the whole British programme of American purchases would have to be slashed. He asked Davison if they could count on getting this \$1,500,000,000 from

the United States. In the face of this colossal figure Davison was undismayed. He replied with firmness that he hoped and believed that, with the resources available in the British Empire, these funds could be obtained, although J. P. Morgan & Co. could not by any possibility guarantee it, nor were they even in a position to say in advance what means could be employed to make such a credit available. His unqualified advice was: "Proceed as though you were going to get the money."

There was another meeting next day at which there were present: Mr. Balfour, Lord Grey, Lord Reading, Mr. Lloyd George, J. P. Morgan, who had just arrived in London, and Davison. Mr. Lloyd George announced that he was glad to be able to say that Davison had assured him that the British Government's financial requirements could be met in the United States during the next five months. Davison was quick to interpose, as he had had occasion to do in discussing the matter with Mr. Lloyd George on the previous day, explaining that he had not said quite what was attributed to him. On the contrary he had said, and was only too willing to repeat, that in his judgment the British Government "should proceed as though they were going to be able to fulfill their needs." Mr. Morgan, when appealed to, gave his strong judgment as the same as his partner's. Such advice, coming in identical terms from both Morgan and Davison, the British statesmen, like Mr. Lloyd George, were naturally inclined to accept, taking it as equivalent to the assurance they so strongly desired.

Still another meeting was arranged, this one held on the following day at the Treasury. French representatives were also in attendance, for Anglo-French financial arrangements were under discussion. J. P.

Morgan and Davison were present at this meeting, and again counselled that no change should be made in the War programme, which was based upon arranging for American funds aggregating at least \$1,500,000,000 within the ensuing five months. Time was to vindicate emphatically the keen judgment that Davison first expressed. The British War programme for the purchase of American commodities and manufactures was not altered. And, as Davison had predicted, the funds were, from one source or another, forthcoming every month.

From the start, it will be recalled, Davison had urged the Allies to greater effort in the way of coöperation. Visiting Paris at about this time, he again urged progress along these lines, and pointed out the advantages to the Allies in considering their American financial programmes together.

But close financial coöperation, when the prevailing views as to ways and means varied so greatly between the authorities in London and those in Paris, finally proved well-nigh impossible, and after October, 1915, each Government arranged by itself what credit in America was found to be necessary. Temporary financing was resorted to, such as the collection and mobilization of American securities held by British or French investors abroad, and their pledge or sale in America.

All these difficulties of close coöperation among the Allies—difficulties which have, perhaps, been even more apparent in these years after the War—are described in every book written since the War by any one of the officers of high command, be he Marshal Foch, Earl Haig or General Pershing. Such difficulties were inherent in the nature of things. One recalls the Napoleonic anecdote: Some one asked Bonaparte how he accounted for the extraordinary extent of his military

successes. "Because," said he, "I almost always had a coalition to fight against!"

At a critical stage of the Peace Conference at Paris in 1919, an errand took me near the door of one of the great council rooms just as Marshal Foch emerged. With the opening of the door, I could hear from within a confused babble of voices, seemingly in strenuous controversy.

"How are things going, Marshal?" I asked, presuming on his graciousness to me on several previous occasions.

"Ah," said he with a shrug and grimace, "*la guerre de la paix!*"

To return to our narrative about Allied financing in America in this year 1916:

On October 30, 1916, when conditions appeared momentarily less unfavorable, a second United Kingdom Loan, amounting to \$300,000,000, had been offered in the United States, the security and terms of which made so strong an appeal that the offering was entirely successful. This offering was planned at the time a difficult adjustment was pending between the British Government and American rifle manufacturers over questions of cancellation of orders, the final settlement of which was facilitated in part through the efforts of J. P. Morgan & Co., as fully described in another chapter. More than half the proceeds of the new loan was utilized to pay off, on November 10, the firm's demand loan to the British Government, a loan which before the end of the month was renewed on a considerable scale.

By this time, Davison had returned to New York, and with Allied buying in American markets continuing on an ascending scale, he and his partners exerted themselves to find some way in which the increasing

demand upon British and French credit could be met. The Governor of the Bank of England was unwavering in his determination to maintain sterling exchange in the neighborhood of par, and had reported to the Chancellor of the Exchequer that he hoped to be able to hold this position for the next six months. Mr. Morgan had remained in London for a time, and was kept generally informed as to what the British might require during the ensuing three months, in order to enable them to maintain the scale of their American purchases.

In the United States, the outlook for dealing with this situation was far from encouraging. Davison and his associates had succeeded in working up considerable interest on the part of New York, Chicago, and Boston bankers in a plan to handle short-term British Treasury bills. But neither the British nor the French authorities were, as yet, prepared to proceed with this form of financing.

Davison had talked with the President of the United States and with the Federal Reserve Board, and had come away from Washington by no means reassured as to what the attitude of the Federal authorities might be toward continued Allied financing in the United States. It was becoming apparent that all the authorities at Washington were desirous that the British and French Governments should be able to maintain here on a grand scale their purchases, which were yielding handsome returns to the American farmer and manufacturer. Yet they had some misgivings as to whether the banking and investment community should continue to make these purchases possible by undertaking to finance a substantial part of them. At the same time the American public was making it clear, by its support of sound Allied loans, that the Allies, like any

wholesale buyer, had to be put in a position to make a part of their purchases on time or on credit; otherwise they would be obliged to make a heavy cut in their buying.

For some time, a plan had been under discussion for the issuance of British and French Government Treasury short-term bills of various maturities, from thirty days to six months. On November 24, 1916, our firm was able to make an announcement as follows:

In response to inquiries, we are able to state that the British and French Government Treasuries have each authorized the sale in this market of a limited amount of their short-term bills, running at various maturities from 30 days to 6 months.

These bills, which in form are much similar to New York City Revenue Bills, will be payable in dollars in New York City. They will probably be available for purchase on or about December 1st and at rates based largely upon money market conditions.

The same day, however, the Governor of the Federal Reserve Board at Washington warned the firm by telephone that the Board might decide that the issuance of Treasury bills was so undesirable from the standpoint of American banks, as to compel it to issue in the near future some public statement to that effect. Late in the afternoon of November 27, a public statement from the Federal Reserve Board threw the fat into the fire, so to speak. The particular sentence which so severely prejudiced the Allied financial effort read as follows:

The Board deems it, therefore, its duty to caution the member banks that it does not regard it in the interest of the country at this time that they invest in foreign Treasury bills of this character.

It was at once realized, on both sides of the water, that this statement was one of the most serious threats against the Allied plans of American purchases and of financing since the outbreak of the War. Not only did

it render impossible the programme of disposing successfully of British and French Treasury bills, but it made increasingly difficult new borrowings on the part of the Allies. It was even feared that American investors might become alarmed and throw on the market large blocks of the Allied government securities which they held. Naturally, American manufacturers and commodity merchants were not at all happy, fearing a drastic reduction in the Allied programme of American purchases.

The manner in which the Allied Governments met this crisis is worthy of some note. When the text of the Reserve Board's statement was received by the then Chancellor of the British Exchequer, Reginald McKenna, he flashed back in return the following: "Chancellor would not wish to disregard the expressed wishes of the Federal Reserve Board of which Secretary of Treasury is a member, and therefore requests Messrs. J. P. Morgan & Co. not to issue the Treasury bills as arranged on December first." This was an attitude of sturdy independence and strength which met with favorable comment from the American public.

And then, within two or three days, came further word from the British Chancellor, explaining that even if the Federal Reserve Board were not a department of the Government, yet, because the Secretary of the Treasury and the Comptroller of the Currency had seats on that Board, he could not but consider it as a Governmental body and as he would wish, regardless of his own necessities, to do nothing distasteful to the American Government, the sale of the British Treasury bills must be dropped. He added, however, that every American account against the British Government would be settled on the dot. He stated that he had mobilized the gold resources of the British Empire,

and that already swift cruisers were starting to bring hoards of gold and lay them down in Ottawa, where they would be available for New York. Not less than five or six hundred million dollars in gold, said he, would, in case of necessity, be sent to America to maintain the faith of the British Government.

And well did he keep his word! The figures show that in that very first month, December, 1916, after the British Treasury had met this rebuff, there was received for its account in New York approximately \$138,000,000 in gold; in January, 1917, \$80,000,000; in February, \$90,000,000; in March, \$115,000,000: a total for those four months alone of over \$422,000,000.

And that gold came in all sorts of different forms and from every quarter of the globe—English sovereigns, bar gold from South Africa, French napoleons, Japanese bullion, Russian imperials, and even German twenty-mark pieces and American eagles. Some of the English sovereigns were, curiously enough, in the same bags in which they had been shipped to Paris and transferred from there to Berlin, when the French paid their indemnity at the end of the Franco-Prussian War in 1871. Thousands of the American eagles turned up in the original canvas bags in which, in 1904, they had been shipped by J. P. Morgan & Co. to Paris in the settlement made by the United States Government with the French interests originally identified with the Panama Canal.

One can see the picture: those fast British cruisers, with coffers gold-laden, creeping out from the Mersey, escaping the lurking German submarines, and then slipping around the North of Ireland, zig-zagging all the way across the Atlantic, fumbling through the fogs and mist of the Gulf of St. Lawrence, and finally gliding up the river to Quebec, whence those precious,



guarded chests were shipped, first to Ottawa and later to New York. And then came those Japanese cruisers, steaming across the vast Pacific, coming with gold from England's ally, Japan, with the shipments made heavier from the Imperial Russian hoard—Russia, then still in the War, sending some of her gold far to the East and thence across the Pacific to America. This, then, was the manner in which the British Government kept faith.

The generally disheartening effect of the Federal Reserve Board statement can readily be imagined. The Allied Governments naturally considered a drastic curtailment of purchases in the United States, and the report became current that the British would probably divert to Canada a tremendous volume of orders for 1917. Here again Davison displayed his steadfastness. In advising the British authorities on November 29, he insisted upon taking an encouraging view. He urged that the apparent rebuff be accepted as the fortunes of war, and expressed the confidence of his partners and himself that the situation, by the end of the year, would become less difficult. The encouragement was sorely needed. The future proved the confidence to be well founded.

Some idea of the scale of the Allies' financial operations at this time, with their stimulating effect upon American industry, may be given by pointing out that purchases of American products, as carried out under the arrangements outlined by Davison, involved the payment during the five months beginning December 1, 1916, of approximately \$1,300,000,000. In the face of Britain's increasing purchases of American commodities and manufactures, the need for additional credits was manifest. And on January 18, 1917, a syndicate was formed to underwrite the so-called Third United Kingdom Loan for \$250,000,000. The notes which

bore interest at  $5\frac{1}{2}$  per cent were to mature in one and two years. They were secured by pledge of high-grade collateral, consisting of American, Canadian and other choice bonds and stocks.

The result of the operation was highly satisfactory, especially in the face of the discouragement aroused in the previous November by the Federal Reserve Board. Further, the firm was pleased that it had succeeded in enabling the British Government to maintain its purchases in the United States rather than to divert them elsewhere. And an expression of thanks and congratulation was received from Lord Cunliffe and the Deputy Governor of the Bank of England, as well as from the Chancellor of the Exchequer.

Meantime, the French had been awaiting their turn. The question of offering a French Government loan in the United States was under discussion between the New York and Paris houses throughout January, 1917. Plans for such an issue gradually took shape. The German note of January 31, received by the United States Government, announcing unrestricted submarine warfare, brought about a violent break in the New York stock market and made any immediate financing out of the question. Indeed, so complete a financial deadlock was created that it became plain to J. P. Morgan, to Davison and to their partners that the country's export trade was likely to be seriously affected.

On March 8, 1917, however, a statement was issued by the Federal Reserve Board, going a long way toward removing what was left of the discouraging impression created by the statement of the preceding November. The Board now expressed its desire "to make clear that it did not seek to create an unfavorable attitude on the part of American investors toward de-

sirable foreign securities, and to emphasize the point that American funds available for investment may, with advantage to the country's foreign trade and the domestic economic situation, be employed in the purchase of such securities."

The gradually improving market situation was helped along by these modified views, and on March 19, 1917, two-year, 5½ per cent, convertible, secured notes of the French Government, to the amount of \$100,000,000, were offered to the public, and were oversubscribed by almost \$16,000,000, in the ten days during which the books remained open.

This was the last operation in Allied financing that took place prior to the end of the War. With the entire acquiescence of the authorities at Washington, a post-War United Kingdom Loan of \$250,000,000 was issued by J. P. Morgan & Co. on November 1, 1919; and two French Republic loans, of September 15, 1920, and June 1, 1921, respectively, each amounting to \$100,000,000, were successfully brought out. But in this later period, Davison had been seized with the illness which caused his death and, despite his undiminished personal interest, was able to give only a lessened attention to the business of the firm. His great work for Allied finance had been accomplished in those days of the War that were dark and critical, and that required just the courageous imagination and tenacity that no other man, to the same extent as Davison, could bring to bear.

Another plan, which Davison and his partners had developed for increasing the Allies' available balances in America, consisted of the sale of American securities mobilized from British and French holders for liquidation on the American markets. Such liquidation had to be handled by the Morgan firm with great

care, and with due regard both to the state of the domestic markets and to the volume of securities involved. The total amount of American securities, mobilized by the British Government from its own citizens and utilized for the Government's American operations, approached very nearly to \$3,000,000,000; the amounts not actually sold being used as collateral to the long-term or demand loans, negotiated from time to time by the British Government with the Morgan firm and its American associates.

The amount of American securities, mobilized by the French Government from its nationals, was far less than in the British case, and amounted to only about \$51,000,000, including the franc bonds of the Pennsylvania Company and the St. Paul Railway, as already mentioned.

The various long-term loans, arranged for the British and French Governments by the Morgan firm and by the country-wide banking groups, which—largely because of the stimulating effect upon America's export trade—desired a share in these operations, have already been described. But, as has also been pointed out, the credit needs of the Allies were continuous, whereas the state of the American investment markets did not always lend itself to a bond operation at the moment when the commodity purchases of the Allies were at their heaviest. In order, therefore, to cover these interim requirements, the Morgan firm arranged, with the coöperation of a few of the larger banking institutions, a loan to the British Government, payable on demand, the amount of the loan rising and falling in accordance with the current British needs. This loan was invariably well secured. During the early days the security consisted of gold in transit or held in trust. Later the loan was secured by the deposit of high-grade

American bonds and stocks, with ample margin. It was, therefore, always of a choice character.

At its peak, this demand loan was at the figure of approximately \$400,000,000, a large total, to be sure, but secured by readily marketable American securities of an estimated value exceeding \$700,000,000. And the varying amounts of this demand loan were so divided up among the several American banking institutions participating in it, as to constitute for them a highly acceptable obligation.

At the beginning of the relationships between the British Treasury and the Morgan firm, it had not been contemplated on either side that services of the character or extent described would be needed. But as British purchases in the American commodity markets almost immediately took a great jump in volume, it was found that the demand loan arrangement performed a most useful purpose. Throughout the most critical periods of the War it served as a buffer, absorbing momentarily the insistent demands upon British cash balances built up for the payment of British purchases. Then, as from time to time the American investment markets came forward to absorb such issues of bonds or notes as the Allied Governments might be offering, the demand loan would be correspondingly liquidated; thereafter gradually increasing again as current requirements made necessary.

It will be recalled that the British Treasury was at times caring, in part at least, for the American cash requirements of certain of its Allies, notably in connection with the Russian Government's arms contracts here; and no doubt the volume of the demand loan was, at times, made greater by reason of these Inter-Allied financial arrangements.

There was never any basis for the charge, which was

made by certain newspapers, that this demand loan was such a burden upon the British Government that the American Government found it necessary to take it over after America's entry into the War, in April, 1917. While it is difficult to show what particular dollars were ever used to pay off any one obligation of the British Government, the fact remains that an amount of funds, decidedly in excess of the amount of the demand loan, was readily realized from the many available resources of the British Government. These consisted of the pledged securities which were being gradually liquidated, of gold shipped from England and other parts of the world, of the sales of British Treasury bills, and of balances resulting from the purchase of exchange for British Government account. Cash proceeds from all such sources were, as I say and as the event proved, materially in excess of the amount of the demand loan, the soundness of which, meantime, could never have been justly questioned.

Possibly I should not go so fully into the description of the demand loan operation, and of its subsequent and ready liquidation by the British Government, were it not for the mistaken, although entirely well-meaning, allusion to it in the letters (published in 1922) of Walter Hines Page, the distinguished American Ambassador to Great Britain during most of the War years. Taking his cue from an erroneous memorandum received by him from Lord Balfour, who was manifestly more versed in the terminology of philosophy than of finance, Mr. Page alluded to the demand loan as an "overdraft" that was finally liquidated "out of the proceeds of the Liberty loans." But, as I have explained, there was nothing in the nature of an "overdraft" in this excellently secured demand loan. It carried with it ample self-liquidating collateral, and the British

Government, at the same time, had at its command many other available means for final liquidation of this obligation.

Throughout the whole period of these British credit operations in America, running from the great Anglo-French Loan of October, 1915, through the final post-War loan of November, 1919, Davison had been in the van, in planning and execution. And manifestly the continuance of such credit operations had been of great economic benefit to the American community, in enabling it to build up an enormous volume of profitable exports.

The total of the public loan operations for Great Britain and France, from 1915 to the end of the reconstruction period in 1921, was approximately \$2,000,000,000. Of this amount there remain unpaid only about \$136,000,000, in the form of British Government bonds maturing in 1937, and approximately \$49,000,000 of French Government 7½ per cent, sinking fund bonds maturing in 1941. In other words, over ninety per cent of the loans made by American investors to these two governments has already been liquidated, through the regular mechanisms provided in the original loan agreements. Such a satisfactory outcome has probably been due in part to good-fortune, as well as to the care taken by the issuing group of bankers to protect the interests of the American investors in these securities.

## CHAPTER XVII

### THE ALLIES' AMERICAN PURCHASES

*Davison's idea of bringing order out of chaos—Stimulus given to American industry and agriculture—All parts of country reap benefit from the Allies' buying—The work of Edward R. Stettinius—An effort in Preparedness*

IT WAS Davison who first had the idea of trying to bring order out of chaos in the complex matter of the Allies' purchases in the American markets. War had burst upon the world so suddenly that, as I have already pointed out, it became necessary for the British Government to rush into the American commodities markets even as early as the autumn of 1914, in order to supply the needs which England could not furnish at home. Only two or three months had passed before it became plain that Britain's helter-skelter and at times almost frantic buying was failing to serve her own purposes, and was developing uneven spots in the American markets not conducive to stable industry here.

It was at this point, December, 1914, that Davison's idea of orderliness in purchasing, as contrasted with confusion, began to clarify itself in his mind and lead to active effort. As I have been reviewing those crowded years of his, I cannot but feel that no single one of his achievements had greater or more far-reaching benefits to his country than his work in helping to bring order to the principal financial and commercial activities of the Allies in the United States during the early years of the War. He was one of the very first to see the necessity of some such concentration, if Amer-



ican industry and business generally were to be saved from demoralization, and if the Allies were to continue to draw from the United States the food supplies and the munitions indispensable to their cause.

At the moment when the firm first undertook to deal with the situation, the American markets, in respect to certain commodities and lines of manufacture, seemed on the verge of demoralization. Order was, however, as I have said, gradually brought out of threatened chaos, and the statement has frequently been made that, by the careful direction of much of the War purchases of the Allies in America, the firm helped to bring to the United States a widespread industrial activity and prosperity.

Further, the resulting mobilization of many sections of American industry doubtless helped to develop in the United States an industrial preparedness, without which the military effectiveness of America's later participation in the War would necessarily have been considerably delayed. If Edward R. Stettinius who, under Davison's early initiative, directed these efforts were still alive, he could readily give chapter and verse as to the constructive character of these developments.

Early in the autumn of 1914 Davison had raised with J. P. Morgan and his other partners the question whether the firm should not endeavor to adopt some means that would serve alike the interests of our own country and of the Allies as well. What such an effort might involve Davison had not the slightest idea. He merely felt that he, or some one else, should go to Europe to study the situation. So, as already related, Mr. Morgan asked Davison to go. Thus on November 26, 1914, he set sail for Europe.

One incidental purpose of Davison's trip was the continuation of discussions that had been carried on

between New York financial interests and Mr. (now Sir) Basil Blackett, of the British Treasury, and Sir George Paish, both of whom had been in the United States since the middle of October. These British representatives sailed on the same steamer as Davison, and, during the voyage, ideas were exchanged as to a plan for mutual credits between the Bank of England and a group of New York bankers.

Other problems of common interest and helpfulness to continued trade and financial coöperation between America and Britain were also discussed. Although nothing in any way definite was developed, Mr. Blackett gave the impression that he would like to see some house, like J. P. Morgan & Co., assist the British Government in solving its problem of purchases in the United States. Davison made no secret of his belief that, if properly handled, the Allied purchasing programme could be made highly stimulating to American business.

Not long after his arrival in London, Davison was invited to discuss with the leading officials of the British Government the whole question of their supply purchases in America. It had become evident to most of them that, unless the War had a speedy ending, it was inevitable that Britain and France would wish to purchase in the American markets the greater portion of their mounting requirements for wheat, oats, cotton, leather, meats, copper and other metals.

Davison made it clear at the outset of the talks that the interests of his own country must always be recognized as paramount, but that he believed that such interests could be well served, with distinctly accruing and increasing advantage to the British Government, through a more orderly handling of the system of American purchases. One of these discussions took place at

the Naval and Military Club, where Davison had been asked to have a general conversation with the Prime Minister, Mr. Asquith, Mr. Lloyd George, Mr. Montagu and two or three others. He recalled the occasion very vividly. It was the day the German cruisers, which shelled Scarborough and Whitby, had ventured from their haven. The Prime Minister was nervous and at the same time manifestly elated. In fact, he said frankly to Davison:

"Something very important is about to happen. Something," he added, "which may terminate the War. Indeed, the War is probably being won at this moment."

Then Mr. Asquith explained that word had just been received to the effect that the German fleet was leaving its shelter, and plans had been made to envelop it completely and overcome it. Those present seemed to share the Premier's confidence, and there was even some discussion as to what terms might be presented to Germany.

It was then arranged that Davison should talk with Lord Kitchener, the Secretary of State for War. Davison had met Lord Kitchener when the latter was British Agent and Consul General in Egypt. In fact, he had received some help from him in preparing for his African hunting trip two years before. Therefore, he was no stranger to the war lord, who greeted him warmly.

At that early stage of the conflict, even Lord Kitchener was far from a realization of the enormous amount of supplies which Britain would later be buying on the American markets. Answering Davison's query on this point, he expressed the opinion that they might aggregate as much as fifty million dollars. And one of his subordinates, the official in charge of pur-

chases at the War Office, stated to Davison that the War Office had already bought, or contracted for, all its wants in the United States of America until the end of the War! It is a matter of history that the actual payments made by the British Treasury in settlement of British accounts to American manufacturers and merchants exceeded Kitchener's offhand estimate by billions of dollars.

Understanding having been reached as to the general lines upon which Britain's purchases in America should be coördinated, Davison called upon the Prime Minister, and received Mr. Asquith's hearty thanks for his interest. Mr. Lloyd George also voiced his hearty appreciation of Davison's activities. It so happened that the King's Secretary, Lord Stamfordham, was waiting to see the Chancellor. Mr. Lloyd George, introducing him to Davison, explained that the latter was the American banker who had been helpful to the Allies. Davison's remark, that there were many more in the United States who would have been glad to do the same thing, interested Lord Stamfordham, who asked permission to repeat the statement to the King.

Lord Kitchener, when he said good-bye, was in high spirits, asserting that he had great faith in the United States and that the Americans were "all right." Admitting that the War might be a long one, he had absolutely no doubt as to the final outcome. "We'll win," said he, telling Davison he might give that message to his friends in New York.

While Davison at this time made no arrangements with the French as to their American purchases, a plan covering roughly the same ground was eventually carried out.

After the so-called Export Department of J. P. Morgan & Co. had been organized to handle the details

of this complex task, Davison maintained, as did the other partners, a close contact with its operations, as they were directed by Edward R. Stettinius,—no less a genius in his line than Davison was in his particular province. Again and again, Davison was called upon to lend his counsel, his personality, and his influence when some particularly formidable obstacle threatened to curtail the purchasing programme of the Allies in America.

In June, 1915, when Davison was again in London, he had a conversation with Mr. Lloyd George, then Minister of Munitions, in regard to the manner in which the purchasing was being carried out.

"You people," remarked the Minister, "have got to pay some attention to politics in your country. I hear reports that the British Government is buying everything from Republicans. You must divide the business so that the Democrats get some of it."

Very carefully, Davison explained to the Minister that the firm's export department did not know a Democrat from a Republican. The executive head of it did recognize the desirability of making a geographical distribution, so as to stimulate industry as widely as possible throughout the country, and to avoid transportation and labor difficulties. If, for example, it were possible (other things being about equal) to give an order to a plant in New Haven (where already much business had been allocated) or to one in Houston, Texas, the order would go to Texas. But as for making political distinctions, the Agents would have to be excused.

In the summer of 1915, Davison encountered D. A. Thomas, later Lord Rhondda, who was then about to sail for the United States as a representative of Mr. Lloyd George, Minister of Munitions. Davison was

well impressed with the Welsh coal magnate's plain-spoken ways. Mr. Thomas explained that they had been hearing all sorts of complaints, which were difficult to answer in Parliament, to the effect that the British Government's representatives were not accessible to various people having supplies to offer; he was going to the United States to look into the whole matter, and thoroughly investigate any complaints which he might receive. Davison assured him that the more he went "to the mat," the greater the service he would render to his principals and also to J. P. Morgan & Co.

Upon his return to the United States, Davison invited Mr. Thomas to come down town and take part in the final discussions as to some highly important Russian artillery ammunition purchases, sponsored and guaranteed by the British.

It was explained to Mr. Thomas that there were representatives of seven different American companies in different rooms of the building, and that they would be interviewed in succession. After Mr. Thomas had been kept "on the job" all day, he showed a desire about dinner-time to get away. To this Davison demurred. He pointed out that it was "the firm's party" and that, as Mr. Thomas had been invited, it would not do for him to leave before the party was over. Thus, Mr. Thomas was detained until the wind-up of discussions late in the evening. When he finally left the Morgan offices he was greatly impressed, as Davison had frankly desired he should be, by the unusual size of the transaction and the very considerable economies made for the British Government. Mr. Thomas declared himself enthusiastic over the day's labor.

Other anecdotes were related by Davison about Mr. Thomas. When he first arrived, he asked to be supplied regularly with copies of current correspondence

bearing upon British purchases. The arrangement was hardly well started before one day his secretary in great distress called on the telephone from the Plaza Hotel where Mr. Thomas was staying. A sudden gust of wind had blown one particularly important memorandum, sent up to the hotel, out of the window, and it had disappeared completely.

To the British officials it seemed vital that the memorandum, written on three sheets of onion-skin paper pinned together, should not get into German hands. So concerned were the two men that (as they explained) Mr. Thomas had cabled to Mr. Lloyd George, and General Mahon to Kitchener, reporting the loss. The gusty, summer wind had carried the sheets down over the Plaza fountain, and then lifted them over the roof of the Savoy Hotel. A subordinate British official had reached the roof of the Plaza, in time to see the flying paper disappear between the tanks on the roof of Bloomingdale Bros.' store, on Third Avenue.

One of the firm's staff promptly gathered a group of searchers, and for hours they "combed" the whole neighborhood. In the late afternoon came a heavy rain, and that was the end of the three sheets of onion-skin paper. They were, of course, never found. To reassure Mr. Thomas, members of his staff took three sheets of onion-skin paper similarly put together, and trailed them through the water in his bath tub. Their speedy disintegration made Mr. Thomas feel better. The whole incident sounded as if it might have been taken from an Oppenheim novel.

After Mr. Thomas had been in the United States a few weeks, he came down town and with considerable heat announced that he was "through investigating." He said that he had had enough of such work, and he declared that the services of the firm were of such a

character as to make any real criticism of its activities baseless. He had had long lines of people forming at his door, each professing to have some cause of complaint or grievance. After careful investigation, he had nowhere found the slightest basis for complaint.

One has some hesitation in chronicling these civil comments proffered by the British authorities upon the painstaking work of the firm's export department. But I have let some of them stand, because they are almost all quoted directly from Davison himself. It was a real satisfaction to him and his associates to have the British and French authorities become convinced—and so express themselves—that the firm, with all its natural desire to favor American trade, had rendered a just and effective stewardship to the Allies in the matter of purchases.

Upon the entrance of the United States into the War, in April, 1917, and the creation of Federal buying agencies, the firm withdrew from the purchasing field. In fact, J. P. Morgan & Co. insisted that the relationship should be entirely changed and that the British should effect new arrangements in coöperation with, and satisfactory to, the American Government. Thus the actual purchasing was passed over to strictly British and French organizations, in the initial development of which the firm was able, through its long experience, to render considerable service.

During this two-year period, roughly from the spring of 1915 to the spring of 1917, almost every department of American industry and commerce was stimulated by the business proffered by the Allied Governments. The supplies which were bought had to do directly or indirectly with the waging of the War, but they covered the widest possible range—all the way from hobnails to locomotives, and included such di-



verse commodities as clinical thermometers, steel box cars, liquid chlorine, cretonne, corned beef, barbed wire, and gasoline. Of raw materials required to manufacture ammunition, shell steel, cotton linters, copper, spelter, and aluminum were bought in large quantities.

In connection with the purchases, one heard occasional suggestions to the effect that, with its many reported industrial connections, the Morgan firm in all probability was considerably interested in the companies which were contracting to furnish supplies to the Allied Governments. On the contrary, the firm's total interests of this nature were almost nothing. As a matter of sound practice, the firm from the start adopted the plan of informing the two Governments as to what interest, if any, the firm or any of its partners had in any concern receiving a contract. The final record as to the British contracts showed that, of the hundreds of different concerns dealt with, there were only eleven in which the Morgan partners held any interest; and the largest interest they held in any one of those eleven did not exceed three per cent of the shares. In the case of the French, the percentage was even more trifling.

In recalling the general scope of the Allies' purchases in the United States, one comes to realize afresh the reason why, during the span of years mentioned, American industry received such an extraordinary stimulus. In fact, one begins to understand the almost complete reorganization of industry here, which this huge, insistent and continuous demand from the Allied Governments served so largely to bring about. Whatever the extent of the slump which American business has suffered in recent years, no one can question the fact that our great material prosperity in the post-War years was in appreciable measure founded upon that solid

basis of manufacture and commerce which the War demands of the Allies, guided and quickened by expert counsel and coöperation, served to establish.

Certainly Davison's almost prophetic vision of the early days of the War had been more than fulfilled. His firm had been able, as he had foreseen, to render great service to its own country and simultaneously to the Allies. The expressions of appreciation from high officials of both Governments across the water and from his own countrymen were hearty and sincere. His imagination and his courage had never failed.

This chapter, describing the purchasing of American supplies for the Allies, would be wholly incomplete without a further word upon the work of Edward R. Stettinius, the skilful and devoted head of this activity. Throughout all his complex and varied work, Davison was the partner that kept closest in touch with Stettinius, and the two men came to have the greatest admiration and affection for each other. Their methods of work were vastly different, but they both had the same ends in view and pursued those ends with similar methods of directness and courage.

It was in the late autumn of 1914, that Davison departed for London, in order to explain to the British authorities his idea of coördinating their American purchases. For systematizing such a complex task, our thoughts at once turned to Edward Stettinius whom we had known for some years in a personal way, and whose broad business experience, as merchant, manufacturer and negotiator, covered the ground that we were envisaging. When I explained the situation to him I found him greatly in sympathy with the idea and eager to coöperate.

From the beginning of 1915 until some months after America entered the War (when he accepted appoint-

ment in the War Department, first as Surveyor General of Supplies and then as Second Assistant Secretary of War), Stettinius gave himself over more completely and devotedly to the work than any of us who had seen hard workers before could have imagined. I shall not attempt to enumerate or evaluate Edward Stettinius' activities. But the wide range of them never failed to astonish us all; his uncanny foresight was marvellous. Stettinius, as I have indicated, knew manufacturing from the ground up, and in merchandising he was a past master. He knew where to go to secure the best and most economical practice. And when proper facilities were lacking, he knew how to go about the development of them.

Thus it came about that, when the demands from the British and French Governments became so all-embracing and so insistent as to exhaust the facilities of existing manufacturing organizations in America, in the line of military supplies, Stettinius set about developing new sources.

The consequence was that before a year was over, Stettinius had immeasurably broadened the field of production for Allied needs, and had brought into active functioning many of the best known manufacturing plants of the country.

And the American public generally had reason to be grateful to Stettinius for the foresight which had created new manufacturing facilities on a large scale. The point was that, even though the United States, when it entered the conflict in April, 1917, was largely unprepared, yet in that one particular, of having ready-made organizations for the furnishing of military supplies, the country found itself well equipped. Somewhere, somehow, sometime there should be set down the record showing how this twenty-

hour-a-day worker, this great specialist in American production, helped to "prepare" this country for such mechanical effort and effectiveness as it was later able to show; without which all the cohorts of the American Expeditionary Force would have been comparatively helpless on the battlefields of France.

It was almost a romantic story,—that of the Allied purchases in America: how from small beginnings they grew in an orderly way to the great totals that manifestly spelled such high degree of prosperity for American agriculture and industry, and that brought increased wages to the workingman; how the favorable effect of these purchases of all sorts of farm products and of manufactures spread and reached even the remote corners of the country. It is all a story that Stettinius could have told from start to finish—in a way to thrill any American interested in the economic and material development of his country in those early War years. But Edward Stettinius' voice is stilled forever.

One morning late in December, 1915, Davison and I were on our way to call on Mr. Morgan at his town house. Prior to this time neither of us had discussed at length with each other the relations of Stettinius to the Morgan firm. But on that morning Davison said to me suddenly: "Are you ready to join with me in recommending Ed for membership in the firm?" "I am," I responded. But when we took the matter up with Mr. Morgan, we found that he already had the same plan in mind.

Thus it was that Stettinius came to enter the Morgan firm of which he was a valued member up to the time of his death, in 1925. And if ever a man laid down his life for a cause, it was Edward Stettinius. Never sparing himself either mentally or physically, he

worked under superhuman burdens during all the five years from 1915 to 1920. His health could not endure the strain. Because of the extraordinary intimacy of the two men during all those years, and because of the love which they bore for each other, it seems not inappropriate that these few paragraphs about Edward Stettinius should find a place in a volume covering Harry Davison's life.

## CHAPTER XVIII

### ENGLEWOOD AND PEACOCK POINT

*Happy days in the Jersey countryside thirty years ago—Simple tastes of the groups which Davison drew around him—The centre and leader of them all—Open house on the Long Island shore—Original training place of the Yale Aviation Unit—Visits to his native Troy—Civic gifts to his home town—Political affiliations*

IN THE life of almost every man, as active and successful in large affairs as Harry Davison was, there usually comes something in the nature of a climax. He stands upon the summit of the mountain up which he has climbed, and, "like stout Cortez \* \* \* silent, upon a peak in Darien," he perhaps gazes back, and then forward again over what may seem like the broad Pacific, stretching away illimitably in the westering sun. Thus the height of the Red Cross achievement was Davison's peak in Darien.

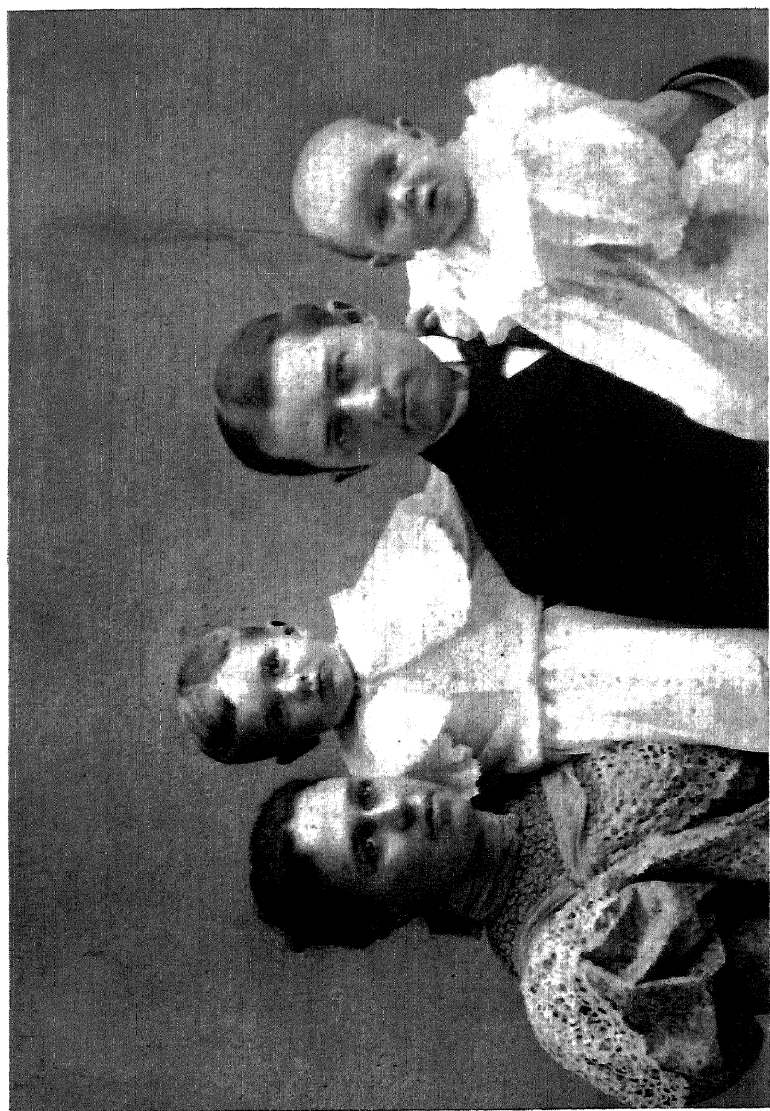
But before setting forth that last, most stirring chapter of an intensely active life in which there was a fresh phase, a new development, almost every day, it may be of advantage, in rounding out a picture of the man, to describe his days in some of their more personal aspects: his unusually happy home life, and the varied community interests that for years clustered about it; his circle of friends; his relaxations and his recreations.

One cannot, to be sure, in the annals of a New Jersey suburb, maintain the War-time tempo and the sweep of great financial operations. Nevertheless, even at the risk of slowing down the pace of the story, I shall

attempt, in this chapter and the one which follows it, to sketch some of the scenes which are perhaps far less thrilling in themselves, but which served so largely to give Davison the background and the point of departure that he needed as a base in carrying on his work in world affairs.

During the early days of his progress in banking, Davison's home was in Englewood, New Jersey, where he lived from 1896 until 1909. That was a little over a decade: the period in which Davison consolidated his life, so to speak. When he moved to New Jersey with his little family—at that time his wife and one son, Trubee—he had already started well on his banking career. But as yet his circle of friends and followers was limited. He was unknown in the banking or business community at large. His mind was always moving forward; but it had not yet occupied itself with constructive measures. He had already seen defects in the local banking system of New York and of the country; but he had not as yet become a student of banking. He knew the practice better than he did the principle. So he had no remedies to suggest. His knowledge of people had been gained in minor affairs. He had had little acquaintance with men of large personality and importance. He did not know what to expect from his fellows in times of great stress and crisis.

But those years, during which Davison's domestic and personal life was to be lived in Englewood, were to change all this. For in the course of that period, he was to taste all those broadening experiences which I have suggested. He was to see the financial centre of the country in its days of great prosperity, of huge industrial combinations, and he was to see it in the throes of a money panic which shook the whole coun-







try as well. He, like all his thoughtful friends, was first to wonder, and then to search for the causes—economic or human—which had been responsible for the succeeding cycles of prosperity and adversity, that had so signally punctuated the progress of America, and that had also been a part of the economic development of European nations. Would study and scientific analysis never succeed in furnishing a solid clue to the discovery and elimination of those ills that seemed inevitably to follow upon abounding prosperity? Or were they never to be found, and must we be content simply to accept them as *forces majeures*, “acts of God” that we must bow down piously before—merely doing everything we could when disaster arrived to mitigate the evils of unemployment and wretchedness that followed?

Those were the questions that Davison and his intimate circle of friends, both banking and personal, used to discuss; telling each other then, as we tell each other today, that while Americans are popularly supposed to be a hard-headed lot, in reality they are emotional, easily led into speculation and extravagance, and always seemingly determined to pursue their careers through succeeding cycles of exaltation and discouragement. In these respects we and our countrymen may be little different from other peoples. Yet in America, certainly, our extremes are more pronounced. We can never do anything by halves. When things are looking up we are not satisfied with a normal prosperity. We want to have it on a constantly ascending scale. When the picture changes we never escape with a mild depression!

Because, in these Englewood years, Davison’s mind and experiences and capacities were rapidly expanding, this period proved, perhaps, the most important of his whole life. He was almost daily forming closer con-

tacts with men of large affairs. He was studying them and their methods, admirable or otherwise, as the case might be. Although Davison had never been a close student of history—regretting, as he frequently did, his lack of a college education—nevertheless he sensed the fact that it was only through a study of the accumulated past that the world could even begin to gain an understanding of itself or attempt to guide its future. And as with the world at large, so it was with Davison and his friends. Constant inquiry and study of conditions, past and present, were the only sound foundation upon which judgment for future action could intelligently be based.

It is by no means necessary to an understanding of Davison's happy relations, that I should make a catalogue of those close friends who made up such a great and really important part of his life outside his working hours—which, by the way, were by no means brief. No one, I think, whom it has been my fortune to know, gained such a devoted circle of friends, men and women, as did Harry Davison. In that circle he was not simply a leader. He was a king, an idol, if you please. They never pretended that he was wholly free from the human frailties that plagued the rest of us. But they considered him as, perhaps, approaching perfection more nearly than did anyone else in the human family that they had ever met. His joyous boyishness, his inimitable humor, his generosity, his loyalty, his devotion: all these were qualities that bound them to his side. They adored him.

There is a line from John Masefield's poem, "King Cole," which comes to mind: "His friends, who make salt sweet and blackness bright." Harry's friends, his friendships—they were as the breath of life to him. He himself had the salt and the blackness of life far

less than most men. Yet he was one who, to so many friends, both of his youth and of his riper years, brought solace, fresh hope and new life.

Among those unusual attributes which have so often been credited to Davison, was that of discerning very quickly in the men whom he met the qualities that would serve to make them useful in some larger field of daily work than that in which they were already occupied. Thus it was that gradually Davison began to draw into his banking orbit various Englewooders whom he met socially, or at sport, or even only on the morning and evening suburban trains, which he daily took to and from his office in New York. The number of such satellites, so to call them without in any way depreciating their own independence of thought and action, grew so steadily that finally, in the banking circles of New York, it became one of the standing pleasantries of the season to remark that, if one wanted to get a job in a bank, he must start by making his home in Englewood. The 8.22 A.M. train was the one which usually brought Davison and his group to town, and his strictly city friends, Wiggin, Porter, McGarrah and the others, used to inquire frequently whether any fresh banking neophytes had been added to the "Englewood Special" that morning.

One has only to name some of these men who started their work at banking, either under Davison's own direction or at his suggestion, to realize to what an extent he developed latent capacity in the field of banking. Some of the list, in the order in which they came under the spell of Davison's almost magic wand, were: Daniel Pomeroy, myself, Benjamin Strong, Seward Prosser, Thomas Cochran. Then there was Frederick B. Schenck whom Davison did not discover as a banker, but whom he found in Englewood and made president

of the Liberty National Bank. Another, and very extraordinary, product of Englewood—though he was not of Davison's banking circle until some years after Davison had moved his home from Englewood—was Dwight Morrow. Even as we are in the midst of work on this volume, an end comes to the earthly life of Dwight Morrow—a life crowded full with wonder, with genius, with achievement.

Life in Englewood thirty years ago was just about what it was in most suburban towns around New York—simple and healthful. Motors had not yet become commonplace, people kept riding-horses, and life was almost as much rural as it was suburban. Most persons—including the Davison family—went to church fairly regularly. In place of the cocktails and the whisky or champagne of the present "prohibition" era, Englewood's modest dinner parties of twenty-five years ago were regaled with an inexpensive bottle of red or white wine.

There was considerable out-door life—in winter, coasting, skating and skiing of sorts, and in the temperate seasons, some horseback riding, plenty of golf and tennis. And always there was the long tramp up the hill to the top of the Palisades, on a clear day giving the wide view south to almost the lower tip of Manhattan, and north across the Tappan Zee to the far blue wall of the Highlands. The favorite spot was Clinton Point, a great, sunny space of granite, jutting out from the red wall of the Palisades themselves. Harry Davison and his friends never did any boating on the Hudson River. The journey to the foot of the Palisades was not easy in the first place, and then the river at that point, with those beetling cliffs over-ruling, was not a very safe boating stream, subject as it was to sudden and frequent squalls. In summer the bulk of the

Englewood colony drifted away, for a couple of months or more, to the seashore or mountains or, perhaps, for the grand tour of Europe. But even the lure of foreign lands—and those were the days when a trip abroad was still something of a family event—was not very strong, partly because the children were still young. Three of the four Davison children were born in that Englewood era.

One may well recall here that delightful knack which Harry had of being able to pick up almost any musical instrument and, with no previous training at all, draw from it a sustained melody. We all remember that he always had a keen ear for music and a sympathetic interest in it. Many in his family used to feel that there had been born in him a love of music, which only environment and the pressure of intense and distracting affairs prevented from blossoming into real accomplishment.

There are many friends, beside myself, who can to this day recall the picture of Harry, at the end of some evening when a small orchestra had been playing for the pleasure of dinner guests, walking calmly over to one of the musicians, taking his instrument from him with hardly a by-your-leave, and proceeding to tune in. It didn't seem to make much difference to Harry what particular instrument he chose. Whether it were a violin or a 'cello, flute or a French horn, he would always be able, after a little experimenting, to draw from it the melody that he was searching for. This particular undertaking on Harry's part was generally looked upon by his friends as something in the nature of a pleasantry. Yet, at the same time, they were inclined to regard these expressions of his interest in music as only another overflowing of that harmonious nature which found outlet in so many happy directions.

Undoubtedly, his mother was the one to leave in his young consciousness an ineffaceable trace of melody, remembered and longed for; that mother, whose memory all the children were so proud of; that lovely-looking mother with auburn hair, who played and sang, and wore beautiful clothes! It must have been she who bequeathed some measure of talent to each of her children, for both the daughters achieved not a little success in the art of music.

Davison's part in Englewood's civic life centred in the Englewood Hospital to which reference has been made in an earlier chapter. In fact, his administration of it for several years, as president, constituted his first service of a public character. Of this enterprise I quote from a letter received some years ago from Benjamin Strong who was Davison's right hand in this work:

It was probably about 1901, that Harry and I were both asked to become trustees and members of the executive committee of the Englewood Hospital. This was our first association together. It was characteristic of Harry that he was unwilling to assume any responsibility for the management of the hospital, unless he was fully familiar with every detail of its affairs. He was president, I was treasurer, and we, with three others, were the executive committee. Almost every week he and I together visited the hospital. We went through the wards, talked with the patients, became acquainted with the staff and with the nurses; and in a very short time Harry's genius for developing the soundest qualities in any enterprise in which he was interested became perfectly apparent. Discord in the visiting staff was eliminated; a new management was put in the hospital itself; and within a year or two, by organized appeal

to the citizens of Englewood and by various entertainments, the finances of the hospital were put on a sound basis, necessary improvements in the building and service were put under way, and a quiet reorganization had been completed. Although some of the changes were radical enough to have aroused some feeling, there was not one person associated in the work with Harry Davison who did not accept his judgment without demur. And when he finally turned the hospital work over to others, he left behind him none but friends.

When Davison entered the Morgan firm on January 1, 1909, he soon decided that he could not carry on all the activities that he felt were important, without having a home in New York City. Accordingly, he bought a house at 12 West 51st Street, where he made his city home until, in 1917, he built the roomy dwelling at 690 Park Avenue, which he occupied until his death.

But it was his new home in the country, at Peacock Point on Long Island, that really claimed his chief attention and all his enthusiasm. This place was one of his, and Kate Davison's, fortunate discoveries. In years of searching they could not have found an estate more ideally situated for their purposes. At Locust Valley, on the North Shore of Long Island, it had an ample shore front and charming beaches directly on the Sound, with a delightful prospect over the water. By building a sturdy breakwater, Davison was able to provide a small, but excellent, anchorage and landing place for the motor craft which he eventually used for commuting purposes to downtown New York.

Thus Peacock Point became his permanent home, and held his devoted interest as long as he lived. In fact, in his will he made certain provisions under



which, in the name of his elder son, Trubee, it was to be retained permanently as a gathering place and home for the entire family. One of the last undertakings which claimed his attention during the closing months of his life was the building on the estate of houses for his son, Trubee, and his elder daughter, Alice, and their families.

It would be hard to describe the place which this home occupied in Harry Davison's heart and in his whole scheme of life. He and Kate Davison thought alike—and very generously—in matters of hospitality, and, at Peacock Point especially, were always surrounded with groups of young people in whose ambitions and problems they took a keen interest. Although very rarely entertaining in the sense of giving set dinners, they rarely sat down to a meal with fewer than sixteen at table. Peacock Point, with its beaches, polo field and tennis courts, became a centre for the young people for miles around, and the children used to groan when they had to leave home: it was always so much more fun there than anywhere else. It was a complete patriarchal and matriarchal existence which Harry and Kate carried on here, on a scale and in a spirit that held the whole family together in remarkable unity and happiness.

About three years after the family had taken possession of Peacock Point, the original house which had occupied the site burned down, late one afternoon. The news was telephoned in to Harry, who was at the city house recovering from an attack of quinsy.

When Kate Davison, who had been out in the country with Trubee, Harry, Jr., and some of their Groton School friends, arrived at the city house about ten o'clock that evening, Harry met the party at the door. He said nothing about the fire; indeed, he showed no

interest in the subject. But he announced that he had already made plans for the summer. He had arranged to secure a houseboat, with the idea of anchoring it off the pier for the summer and equipping it completely as a temporary home.

As a matter of fact, Harry sailed for Europe within two days to join Mr. Morgan there. But he had bought a roomy boat, and had plans already made for renovating and furnishing it. When he returned two months later, he found his summer home ready for him. It was securely moored to the end of the pier, equipped with electric lights, telephone and running water which was supplied from the system on Peacock Point. The houseboat was a great success, and, as the War broke out in Europe soon after that time, the family used it as a summer home for three years, before the new house was built.

At Peacock Point the Yale Aviation Unit received its initial training, a development of more than ordinary importance. This unit had been organized and financed by Davison and his friend, Col. Lewis S. Thompson, during the year before America entered the Great War, the rumblings of which were coming closer month by month.

It was in 1916 that Davison became responsible for the organization of the naval aviation group officially designated "Aerial Coast Patrol No. 1," but more generally known as the First Yale Unit. The idea had been developed originally by his son, Trubee, and some of his college friends. Trubee had accompanied his father to Europe in the summer of 1915, and had spent the summer in the ambulance service in Paris. His experience in France awakened a keen interest in aviation, and upon his return to college he proceeded to instil his enthusiasm about aviation into the minds of

some of his classmates. By the time the following summer had rolled around, the outlines had been formed of an enterprise which was destined to train selected young men to fly, in order that they might serve their country, if need arose, in the manner which appealed to them most.

Returning in the early summer of 1916 from a short holiday, salmon-fishing in Canada, Davison was suddenly confronted with a scheme which, in view of the little-developed state of aviation, naturally caused him some parental alarm. Well-prepared arguments, however, served to convert him, and after the Navy officials in Washington had promised their endorsement and co-operation, Davison gave the enthusiastic young patriots every support. He assembled the young men at Peacock Point, and there they received careful instruction in aviation. Harry threw himself into this project with his usual whole-hearted enthusiasm. And Kate "went joint account" in the enterprise, feeding and entertaining there a dozen young men for the entire summer—no mean task of organization for a private household!

A group of friends of Alice, the Davisons' elder daughter, helped so well with the "morale," that several weddings resulted when the War was over. Among them was that of Alice, herself, to Artemus L. Gates, a Yale classmate of Trubee's. This young man won distinguished decorations for gallantry in the War. After his plane had been grounded in Belgium and he, himself, had been captured by the Germans, he almost made his escape just prior to the Armistice.

The whole flying unit had been headed by Trubee Davison who, as described, was responsible for the original idea and who, with vigorous initiative, made the plan possible. He, however, had the ill-fortune

during his training to fall in his plane from a height and become incapacitated for the work. But he never lost his interest in the Unit and never overlooked an opportunity to serve it.

What this whole movement accomplished for American naval aviation has been recorded by Admiral Sims in his book, *The Victory at Sea*. "I can pay no finer tribute to American youth," he wrote, "than to say that the great aircraft force which was ultimately assembled in Europe had its beginnings in a small group of undergraduates at Yale University. \* \* \* This group of college boys acted entirely on their own initiative. While the United States was still at peace, encouraged only by their parents and a few friends, they took up the study of aviation. It was their conviction that the United States would certainly get into the War, and they selected this branch as the one in which they could render greatest service to their country."

From the earliest days of his departure from his boyhood home Harry Davison was fond of returning to his beloved Troy. He never lost a chance to slip back there and pick up the threads of his old life with the friends of his family and childhood. And, naturally, to his relatives there and to the people in the town generally, his visits were always something of an event. It was not long after the War that Davison made one particular visit, for the purpose of presenting to the town one of three captured German guns which the French Government had given to him.

After the brief ceremony was over, Harry was strolling about the little town and came to the conclusion that there were certain civic improvements which were sorely needed. There was an old livery stable in the centre of the place which was an eye-sore. His quick eye noted that, if this and several other old buildings

were torn down or removed to some other site, ample space for a little park in the centre of the town would be provided and the whole place could be cleared up and beautified.

That very day he arranged to have the necessary purchases made, and appointed a committee to formulate suggestions in regard to the development. Within a year or two, the centre of the town was transformed. Electric wires were put underground, old and unsightly buildings were torn down and others that could be utilized were renovated, lawns were planted, attractive trees were set out. Upon completion, the development was put under the supervision of the school board. The people of Troy became deeply interested, and their civic pride was aroused to further effort. And when the new high school was completed, Harry refurbished and completely furnished one of the old dwellings as a house for the principal of the school, this additional donation enabling the school board to secure the services of a head master whom otherwise it might not have been able to attract. Meanwhile, too, some of the properties purchased by Harry Davison had been made available for renting. From these, the revenue has proved sufficient for the upkeep of the park and square, thereby entirely relieving the town of expense of maintenance.

All this gift to the little town where he was born and reared was not made on the impulse of the moment—even though, when the idea which had been fermenting in Harry's mind for a long time came to a head, he was, as always, swift in carrying it out. Ever and again, throughout his busy life his thoughts were harking back to that village nestling in the hills. Even in moments of great stress and excitement and in the midst of large affairs, his associates would frequently overhear Harry dictating to his secretary some memo-

random or direction that might, even by ever so little, be designed for the interest of that same Troy. And it was natural that he should finally work out some development which would speak to his boyhood friends in terms of beauty and delight. Sadly enough with his rapidly failing health, he was never able to visit Troy again and see the completion of his project. However, the reports as to its progress gave him intense satisfaction and happiness.

But I am doubtful whether any of his many other visits gave him quite as much satisfaction as did that trip which he took, in order to pay back to his Uncle Merrick Pomeroy all the funds ungrudgingly advanced to him for his schooling and for various other purposes. The uncle had never dreamed of any repayment, and was unwilling to accept it until he realized Harry's eagerness to make it. This was very early in Harry's business career. At the time of his marriage, his salary was limited and his obligations were considerable. But after a few years he managed to begin to save, and accumulated enough to make this repayment. That done, he felt that his schooling at Greylock, about which the family at first had had their misgivings, had been justified, all the past had been cleared up, and he could start afresh on his way, with a clear and happy future ahead of him.

In politics, throughout his life, Davison was a Republican, and, though he had a most independent judgment, I do not recall his ever having bolted the Republican ticket. He was eagerly interested in all the questions of his day, and knew many of the leading figures in the field of politics. He was an intimate friend of Senator Nelson Aldrich, and after his contacts with him on the Monetary Commission saw more or less of this Rhode Island Senator up to the time of

Mr. Aldrich's death. He became well acquainted with many of the legislators at Washington during the discussions in which he took part, leading up to the establishment of the Federal Reserve System. As for President Wilson, Davison had many interviews with him on Red Cross matters. He always seemed to me to have great respect for Mr. Wilson, but not very much of the personal affection which Mr. Wilson inspired in so many others who worked with, or near, him.

When the War was ended and the Treaty of Versailles was signed, and when Davison had completed his organization of the League of Red Cross Societies, the year 1919 was drawing to a close. Davison's name was on the lips of many of his fellow citizens all over the country, and it was often mentioned in connection with the Presidential nominations to be made in June, 1920. But Davison never took such suggestions seriously. He realized perfectly well that he had no political following, and that it would be quite out of the way of practical politics for him to make one leap from a banking partnership in the Morgan house to high elective office. He had no illusions on that score, and if ever there were any bees buzzing in his neighborhood, they never got entangled in his bonnet strings. Therefore he was complimented, perhaps, but he had no feeling more serious than that, when one of the New York State delegates, at the Republican Convention in Chicago in 1920, put his name in nomination for President. Later, Davison accepted the presidency of the strongly Republican Union League Club of New York for one term, but he never took any active part in politics, in either New Jersey or New York.

## CHAPTER XIX

### DAVISON'S HOLIDAY TIMES

*Early trips to the Maine woods—Stalking mountain sheep on the heights of the Canadian Rockies—Realization of a boyhood dream in the African Shooting Trip—Davison's vivid diary of the days' happenings—Adventures with elephant, "rhino" and buffalo—Lord Kitchener of Khartum—Sunny days at Magnolia Plantation*

IN THOSE earlier years at Englewood, Harry Davison seldom crossed the Atlantic which he was destined later, especially in the period of the Great War, to traverse so frequently. Nevertheless, it must not be inferred that he stayed at home and ignored holidays. On the contrary, nobody in the world enjoyed a real holiday more than Harry Davison, nobody could relax better than he and put all care aside. With him, as with many men of engrossing affairs, his periods of relaxation were important, not only to the preservation of his own health but to the continued, successful conduct of his work. A man who, toiling under the pressure of modern American business, fails to take regular and adequate recreation, lacks proper balance, and loses in qualities of sustained and vigorous judgment and effectiveness.

As a matter of fact, Davison's hunting and fishing trips formed his chief recreation in the way of holidays. Even as a young boy at Troy, he had been happy to roam the hills on holiday afternoons, with a little fowling-piece under his arm to shoot small game, and occasional partridges if he were lucky enough to flush



any. Now and then while at Greylock Institute, he would ramble out into the rocky Berkshires with Charley Sabin or Nat Bishop and try to find a little game. He always said he was not a first-class shot, but his keenness and persistence, and his delight in shooting, more than made up for everything else. Just as soon as he started to earn a fair living for himself, he began to take some real shooting and camping trips, and he kept them up until long after his last illness had fastened upon him.

After he had moved to Englewood, Davison used occasionally to go with Robert C. Hill, an intimate Englewood friend with whom he took many trips, to shoot on the preserve of the Hartwood Club at Port Jervis, New York. Then with Hill, and later with his wife, and with the Pomeroy's, he made several trips to the Parmachenee Club in Eastern Maine, where the trout were plentiful, and where Davison and the other men of the party also stalked moose. In 1908, just after he had been invited to enter the Morgan firm on the first of the following January, Davison took his family and a party of friends to the King Ranch in Texas. They spent a fortnight in that wind-swept, prairie region which furnished the most plentiful and varied lot of game. Davison used to say, however, that he never really shot until he took his African trip.

His two most ambitious trips were one which he made with Robert Hill, in 1915, to the Canadian Rockies for mountain sheep, and one the year previous which he took with John H. Prentice and Daniel Pomeroy to Equatorial Africa.

This is what Robert Hill has written in his breezy way about some of those shooting trips that Harry Davison so delighted in:

From almost the first time that I met him in 1894, Harry used to talk of the days and nights in Parmachenee in northeastern Maine, where he had hunted and fished with old Nat Bishop. But it was not for us to visit together this spot, made memorable by his glowing accounts, until the fall of 1899, not long after the birth of his daughter Alice. Everything was going so well with mother and child that Harry had no qualms until we got out of reach of telephone or telegraph. No sooner were we encamped at the Meadows, half way up the Margalloway River, than he began to wonder how Kate and the baby, not yet named, were getting along. His New England conscience began also to reproach him for having left home before the baby could talk! He kept most of these worries to himself, and not until we had started on our homeward journey did he tell me of the anxiety he had had during most of the trip.

Davison had a wonderful faculty of dismissing cares and responsibilities as soon as he was out of gunshot of them. He became a hilarious kid on a vacation. He got amusement from every individual peculiarity of the people he met; and every mishap, whether to him or to me, was of equal joy. Naturally he had the agreeable faculty of enjoying a joke on himself as well as on others. We hunted birds, we jacked for deer, we fished for trout, we talked and argued until we got out of breath, and slept like young animals.

For years, Davison never ceased to discuss plans to go West for Rocky Mountain sheep. I had been out, in 1912, to Fort Steele, British Columbia, and had shot sheep up the Kootenay River, in the Canadian Rockies. So with this experience, we made our plans well in advance, some time in July, 1915, that we would meet our guides and pack horses on top of a

mountain pass twenty miles from Lake Windermere, on the fifteenth of September, at one o'clock. Confirmation of these plans was received, and off we started. The new road between Windermere and Banff had been cut through, and was perfectly passable for automobiles. So leaving the railroad, we embarked in an automobile in time to get us to the appointed place. We waited only fifteen or twenty minutes before our picturesque pack train showed up, and off we started. Camp was already made for us, and we arrived at it about dark.

Like all his other friends, I always used to say that Harry had great luck. Certainly on this first day it was in evidence. The morning after making camp, we were told that the men had seen a goat on the opposite crag across the river. As this was Harry's first experience at Rocky Mountain goats, I was very anxious to have him get the animal. The trip was to be run entirely on the basis of the luck of the draw. The lot fell to Harry. So I started out on a trip of discovery to locate some sheep, getting back at night tired to death, not having seen any fresh tracks. Harry returned in time for lunch with a handsome mountain goat.

The next day it fell to his lot to take a trip of two or three days, with a light shelter tent, up some of the mountain peaks. I was to amuse myself in another direction. Late in the afternoon of the second day I had just reached camp, when Harry came in with his clothes torn and bedraggled, with a three days' beard, his face drawn, his body so stiff and sore he could hardly move, but with the beatific grin of a successful hunter. He and his guide made camp the first night, having seen some black-tailed deer and signs of sheep. The first adventure early the

next morning was the climbing of the mountain peaks, about four or five thousand feet above the location of the temporary camp. Looking around through the glasses, to their joy they discovered a bunch of eight or ten rams. They crawled up to within comparatively easy gunshot; Harry carefully sighted his rifle at the biggest ram in the bunch and started a fusillade. His guide described it to me as the sound of artillery. Harry admitted missing two or three times until the rams began to run in circles. Finally one of them fell, and he brought back a perfect specimen of a Rocky Mountain sheep. Only a few days afterwards, Harry almost walked on a big billy-goat which was lying in a little crevice sheltered from the wind, and I am under the impression that he had to step back to avoid blowing it to pieces.

We always looked back on this trip as one of the outstanding incidents of our lives. It was the last fling of our youth. The trip was hard in the extreme, not only because of the altitude, but of the extremely rough going. Harry had marvellous endurance, when you think of the comparatively easy physical life that he led at home.

In ending this brief recital of some of our shooting trips together, I must be allowed to add that Harry Davison was a wonderful host, a splendid playmate and the most companionable soul that ever lived; a good sportsman, taking the bitter with the sweet, accepting things as they came without complaint and with a marvellous sense of humor.

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Davison's African shooting trip for big game, made in the winter and spring of 1914, was full of color, and he enjoyed the memories of it all the rest of his life.

It was on January 10 that Harry and Kate Davison, Daniel Pomeroy and his wife and John H. Prentice sailed from New York on the "Adriatic," bound for Mediterranean ports. Touching last at Naples, they crossed to Alexandria, and it was late in the month when they reached Cairo, which was to be the jumping-off place for the whole party. From London they had obtained information from the British sporting authorities as to the best method for hunting big game on the Upper Nile in Equatorial Africa. From London also, Davison, Pomeroy and Prentice had outfitted themselves with the heavy express rifles and other shooting gear required for big and small game.

At Cairo they made their final preparations for the long journey up the Nile. Meanwhile, those who had time to spare did some of the usual sightseeing in the bazaars and other parts of the city, and in the environs of Cairo. But this was not a sightseeing trip: Davison was anxious to get on. He felt that he could make the ordinary Egyptian trip any year, but here was something new and adventurous that he had been dreaming about since, as a boy, he had read those thrilling tales of big game and African savages, with which W. H. G. Kingston and Paul du Chaillu used to delight the youth of half a century ago. He could see in his mind that long line of monster elephants plodding along the upper reaches of the Blue Nile, and already in his dreams he was, like a boy, awakened in the morning with the snorting of the giant hippopotami.

From Cairo, on February 5, the party proceeded by rail to Assiut where the private steamer, "Hyksos," arranged for months before, was ready to set out upon her long journey, stemming the swift, yellow current of the Nile, shifting from side to side of the river, as the skilled native pilot searched out the erratic channels by

"feel" and surface markings. There are neither lights nor buoys, and the sandbars are constantly moving; yet these men, who know and love the mighty river, say they can steer even better by night than by day.

Each day the sun painted the hills with ever changing color. At the end of the day it dropped down behind the western edge of the world in a glory of purple and gold, above the sapphire river, edged with dark palms, and gave place swiftly to blue-black velvet night studded with its glitter of innumerable stars. Then they tied up at the bank, and slept to the ripple of the river and the faint distant bark of village dogs, or the murmur of strange talk on passing dahabeahs. In the morning they woke after a sudden silver dawn to find again a cloudless day of azure sky. On and on, day after day, past the famous tombs and temples, to the great dam at Assuan, where man, having harnessed the vast river, holds back and releases at his will the flood that for ages has been both the life and the terror of Egypt.

This was a part of the trip that Kate Davison and Frances Pomeroy enjoyed perhaps even more than their husbands, who were keen to get busy with those herds of game, all waiting for them at the end of the long river trail.

From Wadi Halfa they all journeyed by train, arriving next day (February 20) at Khartum, 1,400 miles from Alexandria. Here the women of the party turned back and left their sporting husbands to go on up into the game country, while they stayed on the dahabeah and, with the fast current of the Nile now with them, returned to civilization. Everything, of course, was to have been in readiness for the sporting contingent to start right on up the river. But there came the inevitable delays. With reference to these, Jack

Prentice (whose death occurred a few years after Davison's) related the following characteristic incident:

"We had a hard time getting our provisions, shikaris, donkeys, etc. aboard the boat which we had chartered at Khartum. There were delays in everything. But one morning Harry left the hotel right after breakfast, and about six o'clock in the evening he returned. Dan Pomeroy and I asked him if he had had tea. He replied: 'No tea nor lunch either, but everything is on board, and we start south at daylight.' He had become tired of the slow way things were being done, typical of the East, had rounded everyone and everything up in a single day, and had saved us a possible week's delay. He was a dynamo when things had to be done."

It was early in the morning of February 23, 1914, on board the "Atbara," that the party left Khartum. And four days later Davison and his companions arrived at Kodok, formerly known as Fashoda.

And one can imagine them after their simple dinner, sitting out on the deck of the flat rivercraft, smoking their pipes under the glittering stars of the near-Equator, and talking of those days of a quarter-century or more before, when Fashoda was the centre of the fanatic tribesmen who were waging war on the enemies of Moslem; when brave General Gordon was making his last stand at Khartum, a few short miles to the north; when his fate was hanging by a thread; and when suddenly, with a groan going up from the Christian world, that thread snapped. Now, under the glowing heavens of the equatorial night, all was calm and peaceful; the tribesmen had laid down their arms; all Egypt was under British rule, being improved agriculturally and economically.

The whole world seemed asleep, in friendliness and in peace. And yet, unknown to Davison and his two

friends, unknown, in fact, to the whole world, there was brewing the most frightful war of modern times. Just as the life of the lonely sheep-herder on the upland pampas of the Argentine, or that of the trapper in northern Russia, was changed, perhaps broken, by the violence of a war of which he had heard but dimly, if at all, so the lives of the simple, native folk on those upper reaches of the Nile, flowing slowly and evenly through centuries of human toil and conflict, were to be moved, altered, smitten by the recoil from the struggle of their Christian brethren, thousands of miles distant. But Davison and his friends sat on, under the African stars, smoked their pipes in peace, and happily thought only of the immediate morrow and of the big game that was awaiting them.

So, we have the background of the trip, much as Harry afterwards described it by word of mouth to his friends. All the details of the hunting expedition are vividly portrayed by Davison, himself, in his diary of the trip, which will be found in an appendix to this volume.

This diary is of unusual interest because it is one of the rare written records that Davison has left. He never kept a journal of what he was doing in the great world of affairs. For that sort of thing he had neither the time nor the inclination. But his African holiday had been looked forward to so long and, when it came, was of such vivid interest to him, that he recorded each day's happenings on the spot. Upon his return, he had this pencilled diary copied and had even made some preparations, before the War intervened, for having it privately printed for the pleasure of his family and friends, who had frequently urged him to do this.

To those persons who are unaccustomed to the ways of big-game hunters, his detailed recital may not be so



appealing as it is to those who are somewhat familiar with the excitements of the chase. The Davison expedition had a double purpose, to the extent that it was planned not merely for the sake of sport and recreation, but also for the purpose of securing some first-class specimens for the American Museum of Natural History in New York, of which Davison was Treasurer. In this objective, as in the personal one, the trip was more than usually successful.

Supplementing Harry Davison's very full recital, Jack Prentice himself kept an outline diary of the trip. What he says as to the shooting of the white rhinoceroses, which Davison describes graphically in his diary, is of interest:

In going up to the bodies of the three dead rhino, to our utter amazement and chagrin, we found that we had killed three white "square-nosed" rhino. They are protected. We had permission to shoot one for the American Museum of Natural History, but to kill three, even by accident so to speak, was indeed bad news. I was worried about the rhino and suggested taking them out by the Belgian Congo, as they were fine specimens. Harry said: "Don't give it a thought, but let me do the talking when we get back to Khartum."

When we arrived at Khartum, Harry arranged the whole matter in half an hour with Sir Reginald Wingate, Sirdar of the Sudan. The big rhino was to be mounted whole for the American Museum, and Harry and I, by paying £100 apiece, took the other two heads as museum specimens.

Prentice also gives a running account of the day

when a huge, wounded, bull elephant charged Davison and himself, an adventure likewise described in detail by Davison in his daily record. Prentice says:

One evening Harry wounded a fair-sized bull elephant, and next morning he and I, with two gun bearers apiece, started out to look for him. We saw no trace of the wounded bull, and Harry seemed very much disappointed, more so, I think, than I ever saw him. I climbed to the top of a big ant hill, looked over all the country with my glasses, and saw about two miles away, a huge, solitary, bull elephant. Even at that distance, I could see he had wonderful ivory. I told this to Harry and he was as pleased as a boy, for it was his shot. We went up to the elephant which was standing in a sort of marsh. As we approached him, he began to move off at right angles to us. Harry shot him four times, and seemed to be hurting him. He was then about a hundred yards off. Much to our surprise, he turned like a polo pony and came right at us on a gallop. His trunk and tusks were held high in the air, and it was the most handsome sight, as Harry said, either of us had ever seen. There was not even a bush between us and him, and the only thing to do was to kill him or turn him. Harry and I each gave him two barrels in the head, and did not reach his brain. But he did not seem to care for it, and he turned and moved off slowly. We followed him up, and after a few more shots he went down.

I have never in my life seen a more delighted man than Harry Davison was, when he saw what a wonderful trophy he had. The tusks, which weighed eighty-five pounds apiece, are now in his house at

Peacock Point, and I think that there are few larger outside of museums.

As to this particularly exciting adventure, I may add that Harry Davison's testimony was always to the effect that, if Jack Prentice had not handled himself and his rifle just as he did, Davison's own chance for escape from this wounded and furious elephant would have been small indeed. But Prentice always disputed Harry's statement on this point. Prentice's story gives this final, amusing picture:

Water buffalo have a bad name in Africa, and one day when a wounded bull was looking savagely at Harry, a big thorn tree was the only protection near at hand. Harry said "I went right to the top of that tree, and, when I got there, there was not a thorn on it." He came home all cut to pieces.

And so, leaving behind him all the glamour of the big game country, the trumpeting elephant, the snorting hippo, the roaring lion and the panting hart—turning his back for good and all upon the red-rimmed sunsets, upon the still nights aglow with stars shining down from the kingdom of the heavens, and upon the sudden dawns, "coming up like thunder"—Davison returned to a workaday world. As he cast his last look upon the mud-walled huts of Khartum, little did he realize that, within the year, he would be in the Ministry of War at London, sitting opposite Lord Kitchener of Khartum, and listening gravely to that grim warrior's prediction that the War would be a matter of three, perhaps four or five years. All those matters still lay in the lap of the gods, and Davison was content to return to his work, refreshed with a wonderful trip,

glorious sport and a new and wide experience to lay by in the storehouse of his memory.

The most complete and satisfying plan that Davison ever carried out, in order to provide means for some winter relaxation, was his acquisition of a charming place for quail shooting in Southern Georgia, near Thomasville.

It happened that in 1916, at the invitation of his good friend, Lewis Thompson, who was a thorough sportsman and one of the best shots in America, Davison spent a season at the Sunny Hill Plantation, about twenty miles south of Thomasville, in Georgia. There the quail and the wild turkey shooting were excellent, but Davison was even more delighted with the whole atmosphere and life in southern Georgia. The country was little cultivated. The great sandy stretches were covered with tall, wiry grass and occasional clumps of pine and scrub, ideal cover for the quail. The air was balmy but invigorating, and before Davison had finished his season at Sunny Hill he had determined that he would make that region the spot for his winter holidays.

The War, and all the great Red Cross work which a few months later began to absorb his every waking and sleeping thought, and the frequent trips that he had to take overseas, turned him aside for the moment. But as soon as the Great War ended and a breathing space presented itself, he bought Magnolia Plantation, a few miles from Thomasville, and there he spent part of the two succeeding winters.

Magnolia Plantation was one of his usual "finds" that his friends would call lucky. But then it always seemed to happen that, when Davison determined to

acquire anything and set out to get it, luck came his way. In his case luck was not a fickle jade; it was a combination of his own shrewdness and determination, and the sort of devotion that sent friends and acquaintances from all over the world scurrying about to accomplish for him any pet project, from acquiring a shooting-box down to finding a police dog.

Magnolia Plantation came to him, completely built and equipped—a new, yet an old-fashioned, rambling, one-story, Southern mansion, built amply around a court in the centre of which sparkled a swimming pool. The house was fully furnished, down to the last detail, and all the stables, kennels, outbuildings and farm implements were ready for the Davisons to come and take possession. This they did in December, 1920, and, as Harry was already in failing health by that time, Magnolia Plantation became a Mecca for his friends, during that winter and the winter of 1921-'22. It was in the spring of the latter year that Mr. Morgan, after his West Indian cruise on the "Corsair," stopped at Magnolia to visit Harry on his journey north, bringing with him E. C. Grenfell of the London house, who had for years been devoted to Davison.

In the last few months which Harry Davison spent at Magnolia Plantation, he gave much thought to the development of the place and to the welfare of the people employed on it. He was anxious that it should be not simply an estate for his own recreation, but that it should be made productive to the community. Consequently, he made many improvements. He called in Government experts in order to find out the best use to make of the land; he improved about seventy acres of nut trees which had been neglected for many years; he renovated the various cabins on the place, and worked out plans for diversified farming, whereby he



QUAIL-SHOOTING IN THE SOUTH



hoped to make the whole plantation of value to the negro families on it and to the surrounding community.

During the greater part of these last two winters of Harry Davison's life, the house was filled with the guests of himself and of his wife, their keenest satisfaction seeming to be to give their friends pleasure. There he gathered about him almost all the members of that circle of friends which he had drawn together in the early Englewood days of twenty years before.

It was rather pathetic, and yet a delight, to see how keen Harry was to have his friends enjoy to the full the shooting and the riding which at that time he could not himself undertake. Every afternoon he would drive out with the wagons and the dogs, and he was far more disappointed than the rest if they failed to flush a satisfactory number of birds. Though invalided and oppressed every day with severe pain, he was still the centre and chief of every gathering. He planned our days for us; he told us once again, at luncheon and at dinner, and sitting before the blazing logs in the evening, the old stories and personal anecdotes that from his lips we had learned to love, years before. He played the same pranks, he laughed the same infectious laugh. And when those of us who had risen before sun-up to try our luck with the wild turkeys, came ruefully back to report to Harry in the words of the darkey guide, that "that there turkey, he just outsmarted us," then Harry's smile was more infectious than ever.

Those days at Magnolia Plantation seemed to be the Indian summer of Harry's life. He had had all the brimming, morning vigor of early youth, all the brilliancy and glory of his middle life when the world was his and when he served it so well. And now, with his days growing shorter, came the mellowed, refining sunshine of his closing years: his work accomplished, a



"well done, thou good and faithful servant" hovering close above him; the woman of his heart and the friends of his choice, surrounding him in that golden haze of joyful reminiscence and old happiness lived over again together.

## CHAPTER XX

### THE RED CROSS ACHIEVEMENT

*A call that could not be denied—Davison's broad ideas for the organization—A factor in helping to win the War—History of the organization and of its activities in both America and Europe—Tributes to its accomplishments under the Davison leadership—His conception of the International Red Cross—President Wilson's warm approval*

IT WAS late one evening in the middle of May, 1917, that Harry Davison stood upon the after deck of a Jersey Central ferryboat which had just pulled slowly out from the Liberty Street slip into the North River. Across West Street from the ferry house was the Jersey Central Building. This was where, as assistant cashier of the Liberty National Bank more than twenty years before, Davison had fledged his wings as a New York banker. And it was in this same building in March, 1903, that the Bankers Trust Company had first opened its doors upon a notable career which he had initiated.

After a few moments of silence, as the Manhattan shore line receded and the lofty towers of twinkling lights gradually grew dim, Davison remarked to his companion, George Case, quietly but with real feeling:

"I don't believe I shall ever go back there."

Of course he did go back many times, but if at that moment he had an intuition that he would not return to the activities of his former business and social life, that remark was indeed prophetic; for Harry Davison had entered upon a new phase of his life, the most significant, as later he and his friends felt. At any rate, it was the final chapter of his active career. He was on his

way to Washington that night to assume the directorship of the American Red Cross, as the Chairman of its War Council.

As he stood there on the ferryboat, looking back, were some of the scenes of his strenuous life in the great city going through his active mind? That swift rise of his—a young man hardly out of the twenties—to the presidency of the Liberty National Bank; then his entry into larger fields as vice-president of the First National Bank; his step through the doors of J. P. Morgan & Co. and his vivid association with the commanding personality of the late Mr. Morgan; all his activities in banking matters and his efforts to further sound banking legislation; the outbreak of the Great War; his eagerness that the firm should play a part in the financial fields of the War, that would be helpful to the Allied cause and constructive to American industry; his own participation in the great operations designed to those ends! Such may well have been the trend of his thoughts as the shores of Manhattan receded, and as he moved to the other end of the boat, looking forward to the new and formidable task that he was about to undertake.

Volumes have been written covering the War story of the American Red Cross. Exhaustive details of its achievements, and of the work of thousands of men and women who made them possible, have been published. Among them, one of the most interesting is the volume which bears Davison's own name.\* While the greater part of the text of this book was originally prepared by John K. Mumford, a member of the Red Cross staff in Washington, the whole volume was Davison's own con-

\* The American Red Cross in the Great War, by Henry P. Davison, Chairman of the War Council of the American Red Cross; The Macmillan Company, New York, 1919.

ception. He revised and rewrote the manuscript many times, so that it is fair to say that it is his book, and that it faithfully sets forth his own impressions. It should be read by any one who wishes to have in greater detail than is possible in a chapter like this a vivid picture of the Red Cross through Davison's own eyes. In the book there are perhaps some expressions as to "German atrocities" which, in the light of later days, would now seem extreme to Davison and to all of us. Also, under the stimulus of War-time emotion, it is likely that some over-statements are made which in retrospect, if he were living, Davison would now modify. But, by and large, that volume really breathes the spirit of the man at his work and pictures the significance which it held for him.

This chapter cannot, of course, for a moment, be taken as a history of the Red Cross in the Great War. It would be impossible to describe, within the compass of one chapter on Davison's life, even the most important events in that stupendous Red Cross undertaking; and to do so would confuse and overwhelm the tale of the man himself. He was the chief actor, it is true, but the way in which he approached and solved his problems, his foresight and the imagination he displayed, and finally the effect of it all upon the man himself—those are the features of chief interest to the present narrative. References to the men and women who surrounded him, and to the work which they did, are not at all to be taken as adequate descriptions of their share in the task, but simply as necessary parts of the background.

As is well known, the American National Red Cross is a quasi-governmental institution. It was chartered by Act of Congress in 1905, although its history precedes that period by many years. Its president is the

President of the United States, and members of the Government sit upon its central committee. Its funds are derived from voluntary contributions, but its books are audited by the War Department. For many years, prior to the outbreak of the World War in 1914, the Red Cross organization had been active in emergency relief, but its funds and personnel were relatively small. During the War, up to April, 1917, when the United States became a belligerent, the activities of the Red Cross had expanded substantially. Already an imposing total of chapters and memberships under the active direction of Eliot Wadsworth, of Boston, as chairman of the executive committee, occupied the attention of Headquarters at the time when the War opened.

Shortly after America had declared war, the leaders in Red Cross circles bestirred themselves, for it was apparent that the peace-time organization and equipment could not begin to cope with the problems ahead. Among the many active workers at this time were Miss Mabel Boardman, to whose interest and devotion so much of the pre-War history of the American Red Cross owes a great debt; Mrs. William K. Draper, a leading spirit in the New York Chapter; Cleveland H. Dodge, an intimate friend of President Wilson's; Charles D. Norton, vice-president of the First National Bank of New York; and Cornelius N. Bliss, Jr., for years active in philanthropic work in New York, and an intimate friend of Davison's.

There were many conferences leading up to the final decision that a War Council should be constituted: a body within the Red Cross with broad executive power and authority to act promptly and efficiently. Eventually, President Wilson and the governing bodies of the Red Cross agreed upon such a Council with seven members. The next and most important step was the



THE FIRST AMERICAN RED CROSS WAR COUNCIL.

*Front row:* ROBERT W. DE FOREST, PRESIDENT WILSON, EX-PRESIDENT TAFT, ELIOT WADSWORTH.

*Back row:* HENRY P. DAVIDSON, GRAYSON M.-P. MURPHY, CHARLES D. NORTON,  
EDWARD N. HURLEY.

(Mr. de Forest, vice-president of the American Red Cross, was not a member of the War Council. Cornelius N. Bliss, Jr., a member, was absent.)



selection of a chairman who would, in effect, be the chief executive officer of the entire Red Cross in its War-time operation. Bliss's recollection is that the first suggestion that Davison should be selected came from his partner, Dwight W. Morrow, who gave the thought to Bliss himself. Bliss was greatly pleased with the idea and spared no effort to bring it into being, carrying the message to Cleveland H. Dodge who, in turn with Colonel House, finally persuaded the President to make such an appointment.

At first Davison was loath even to consider the call. He foresaw clearly that it would require every moment of his time, and that all of his other highly important interests must be completely dropped. It is probable that his own aspiration for service in the War was along other lines. He said himself that, on the evening of the day President Wilson formally tendered him the position of Chairman of the Red Cross War Council, he went to bed convinced that he could not accept, only to arise in the morning convinced that he could not decline. His final consent being given, there was a memorable confirmatory conference with President Wilson at the White House, at which Robert W. deForest and Eliot Wadsworth were also present.

President Wilson originally had a distinct prejudice against any so-called "Wall Street man." The presumption at any rate in his mind was against the man whose career and training had been identified with that much-maligned region of finance. Cleveland H. Dodge, himself, was closely associated with corporate finance, but in his own case, as a result of their sympathetic association in Princeton days, he had never encountered the President's prejudice. Without doubt Mr. Dodge's eager championing of Davison did much, and very likely became the controlling factor, in per-



suading the President to make this appointment. At first Mr. Wilson and Davison did not see completely eye to eye, but, as time went on, this trace of incompatibility disappeared. The President began to appreciate the whole-hearted devotion of the man whom he had selected, and gave him his cordial support. It could hardly be otherwise, for though the two men differed widely in their methods of thought and execution, they were at one in the broad field of humanitarianism. The War had not been under way a year before Davison had won Mr. Wilson's complete confidence. This continued unabated until—the War over and peace signed—Davison relinquished his Red Cross work.

As for Davison's personal equipment for undertaking the direction of the American Red Cross, it has many times been said that he possessed the chief attributes of command. Men were attracted to him, and freely gave him their affection, their confidence and their loyalty. He had, by his long career in banking, established among his countrymen a reputation for integrity and ability exceeded in the case of few, if any, of his contemporaries, so that his judgment was respected and his counsel heeded. That heady wine Success had not changed the man or his manners. He still had the simplicity, the humor, and the enthusiasm of the companionable boy who had grown up in the Pennsylvania hills. He had the clearest of vision and a mind, operating with speed and directness, that went almost unerringly to essentials. He was disciplined in manner, tolerant of intelligent opposition, and considerate of the other man's viewpoint and feelings. He had the gift of patience, and it made him slow to wrath. And behind these talents were high courage and great power of mind and body. He had at once realized the magnitude of the task, and from the start he devoted himself

unswervingly to it: first, to the study of policy and scope of operation; second, to organization and money-raising; finally, to the administration of the expanded organization in a world aflame.

Only a few weeks after Davison had undertaken his new work, a rather notable, informal conference was held at the Metropolitan Club in Washington. According to Cornelius Bliss's recollection, there were present, beside himself and Harry Davison, Charles Norton, Grayson Murphy, Seward Prosser and Eliot Wadsworth. Davison had said: "Well, what is the first thing we have to do?" And it was naturally the consensus that the Red Cross must have a large war fund, if it was to be put in a position to fulfill the obligation set forth in the Congressional charter: "To furnish volunteer aid to the sick and wounded of armies in time of war . . . To act in matters of voluntary relief and in accord with the military and naval authorities as a medium of communication between the people of the United States of America and their Army and Navy. . . ."

"How much shall this War Fund be?" Various estimates were suggested, none of which exceeded \$10,000,000. When it came Davison's turn to speak, he said impressively: "We are going out for \$100,000,000." Bliss says you could have heard a pin drop, and then came a chorus of protests. But Davison was immovable. "You fellows do not realize," he insisted, "what the Red Cross will mean to the American people in time of war."

Then he turned quickly to Seward Prosser and said: "You are going to be the chairman of the committee to raise the fund." Prosser's reply was: "I will do anything you say, but I cannot see how it is possible." From that time on nobody spoke or thought of any-

thing less than Davison's "impossible" \$100,000,000. And he was right. That first drive (conducted during the week, June 18-25, 1917) brought from the American people not only the hundred million, but approximately one hundred and fourteen million dollars.

Davison's bold declaration was destined to set a standard for all Red Cross aims in war. He showed his own broad conception of the work when he said: "In the days of Florence Nightingale the mission of Red Cross was almost exclusively to aid the wounded individual. Such are the conditions today that the mission of the Red Cross is not only to aid the wounded individual but to extend succor to wounded nations."

Among the leading figures in the Red Cross in these early days,—persons with whom Davison had consulted regarding the creation of the War Council and his own appointment to it—were, of course, President Wilson, who, as stated, was the president of the Red Cross, and its vice-president, Robert W. deForest, of New York, for many years an active figure in all Red Cross matters. John W. Davis, then Solicitor-General of the United States, was counselor of the Red Cross. Franklin W. M. Cutcheon, a good friend of Davison's and a well-known lawyer in New York, became secretary-general. After Mr. Cutcheon retired to enter the Army, Dr. Stockton Axson became secretary. Dr. Axson was President Wilson's brother-in-law, a man of scholarly attainments, earnest, sincere and devoted. Davison's association with him grew to be intimate and delightful. One of the Chairman's assistants overheard him, on one occasion, outlining to Dr. Axson the terms of a letter that he wanted drafted for transmission to the International Red Cross at Geneva. He wound up by saying: "Please make the letter sound like grand opera, Dr. Axson." And the secretary was equal to the task.

It was on a Monday morning, May 14, 1917, that Davison arrived in Washington to take up his task as the newly appointed Chairman of the War Council. He had reserved a suite of rooms in the old Shoreham Hotel, and for the time being he made this his headquarters. He had with him only his personal secretaries and two or three friends. After breakfast this small party proceeded promptly to the new Red Cross Headquarters on 17th Street.

The beautiful Red Cross building, which was to be the scene of Davison's work for nearly two years, had, by the greatest good fortune, just been finished. Through the efforts of Miss Mabel Boardman and Captain J. A. Scrymser, Congress appropriated part of the funds needed for this building, and the balance was made available through the great generosity of Captain Scrymser, Mrs. E. H. Harriman, Mrs. Russell Sage and the Rockefeller Foundation. It is difficult to picture the additional physical handicaps under which the War-time operations would have labored, had there not been available for immediate use this suitable home, and vacant land around it for the erection of temporary structures.

On arrival at Headquarters that morning, Davison introduced his companions to Eliot Wadsworth. Wadsworth, who had had years of experience in engineering and business, had been going through some strenuous months as chairman of the executive committee; for, with the enormous responsibilities and tasks ahead, he and his associates, already on the ground, realized with grave misgiving the organization's lack in personnel, equipment and working funds. He was now Vice-Chairman of the new War Council, and he welcomed eagerly the advent of Davison and the other Council members. They had come at the right moment, for the

Vice-Chairman, "Waddy," as he was familiarly called, literally had his coat off. Not only was the work arduous, but that was an unusually hot spring and summer in Washington. At first it was a little difficult for both Davison and Wadsworth to see just how the new organization was to be coupled with the old, so that all the machinery should function smoothly. But between the two men, the Chairman and Wadsworth, his second in command, there was always not only the heartiest cooperation and warmth of personal feeling, but also full accord on policies.

It was a bewildering scene of confusion that presented itself to those who were in Washington in those early days. It almost seemed as though the entire population of the United States either was in Washington or was burning to get there and take a job. People were rushing around, excited and eager, but for the moment accomplishing little. The resulting confusion was so appalling as to be amusing as well as distressing. All of the Government's new War-time committees and boards were getting under way; and, in addition, centralization was being attempted of the vast military and other Governmental organizations which were expanding almost overnight from peace-time to war-time footing.

The scene at the Red Cross Headquarters was no exception. The crowd in the big marble building simply seethed about the new Chairman. There was hardly room to turn around. What with out-of-town delegations, vast piles of letters and telegrams from every part of the country to answer, the new organization to form, the first War Fund of \$100,000,000 to launch, and a thousand and one projects eagerly poured into his ear, it is no wonder that the new Chairman was distracted and a little dismayed. And after a full

day of this sort of thing there was no let-up in the evening. As a matter of fact, he didn't get to bed before two o'clock any morning during that first week, although up at seven o'clock and at Headquarters at nine.

And so it went on, day after day. Little by little, here and there, a semblance of order was beginning to appear. Every now and then some competent man or woman, out of the hundreds applying, could be slipped into a niche where he seemed to fit. From the very beginning, such a burning fervor and enthusiasm seized the Chairman as to bewilder his friends on the Council, though, in turn, they were fired with the same spirit. Many of them had had a vague idea that an occasional visit to Washington, to attend to the "high spots," would enable them to discharge their duties. They were soon disabused.

The American Red Cross, and what it could be made to mean, became a religion which occupied the Chairman's every waking thought. It was to him inconceivable that any American man or woman would, or could, decline to serve the Red Cross on full time,—yes, and overtime,—unless devoted in some other way to a necessary patriotic service. And so one would see the new Chairman somewhat imperiously summoning this or that man, or woman, or group, from any and all quarters of the land. Almost without exception, these summons in the name of the Red Cross were willingly heeded, for, almost from the start, it became recognized that Davison's apparently dictatorial attitude was no pose, but the outcome of a total sinking of self in a cause.

Here is a bit of his speech, delivered in Washington later on in December, 1917, which was no mere declamation but an unexaggerated statement of devotion to a spiritual cause:

The Red Cross has given me a new conception of America and the American Spirit. It is with the zeal of a convert that I invite the American people to come in with me under President Wilson and make it the nation-wide organization that is demanded by these times. . . . Our job in the American Red Cross is to bind up the wounds of a bleeding world. . . . Think Red Cross! Talk Red Cross! Be Red Cross!

Not many days had elapsed before the heavy task ahead of the Chairman and of his associates began to clarify itself somewhat in their minds, and it was possible gradually to look ahead and realize the varied nature of the whole enterprise. First, orderliness must succeed confusion; in other words, better organization must be had. Then all eyes must be turned to the gigantic task of the First Drive for the War Fund—a critical test to be met at the very start. Early in the programme of planning must come a mission to France. The need for tangible help, such as the American Red Cross could render to the French, was urgent.

Then, too, Davison began to realize that, as a necessary part of the task of getting the whole American community into the spirit of Red Cross, he must take up what was for him a real burden and prepare himself for public speaking on an extensive scale. He could see, also, that his presence in Europe might soon become essential. It might prove of prime importance that to people of all classes in Europe, from kings and prime ministers to the Tommies and the poilu, the Red Cross should become personified through closer individual contacts between the active head of the American organization and their brethren across the Atlantic.

With such far-reaching plans ahead, it was of course

essential that the Chairman should have close at hand, to aid and support him day by day, men and women largely of his own choosing: persons whom he had already found true and tried or who were commended to him by other friends in whose judgment he placed implicit trust. And such were the persons whom he gathered around him.

As to the War Council itself, the original appointments by the President were: Henry P. Davison, Charles D. Norton, Cornelius N. Bliss, Jr. (later in charge of the War Funds and known as "The Watch Dog of the Treasury"), Grayson M.-P. Murphy and Edward N. Hurley; and under the plan, the chairman of the central committee, ex-President William Howard Taft, and Eliot Wadsworth, then chairman of the executive committee, became members *ex officio*. The membership of the War Council was seven. Its powers were so broad as practically to constitute it the sole executive body for the period of the War. Vacancies in the War Council occurred through resignations from time to time, and were filled by President Wilson upon Davison's nomination. There served at various times in place of those first named: John D. Ryan, Harvey D. Gibson, George B. Case, George E. Scott and Jesse H. Jones.

Other men and women, who had already become, or were shortly to become, ardent and important leaders in Red Cross, gathered around the Chairman. Miss Jane A. Delano, director-general of the Department of Nursing, a noble and inspiring figure, whose experience and wisdom in that difficult job of hers, won from Davison devoted respect and admiration. "What does Miss Delano say about that?" How often did his associates hear that query from him! Her answer almost always settled the question. She died in the course



of duty in France. Rarely have his friends seen the Chairman more deeply affected than when he received this news.

Then there were the distinguished members of the medical advisory committee, of which Dr. Simon Flexner was chairman. Dr. William H. Welch, of Johns Hopkins; Dr. Frank Billings of Chicago, and Dr. Herman M. Biggs of New York, were among the most active members. With this committee, Davison spent many hours in conference or correspondence. From them he learned much of the technical and practical, war-time bearing of such subjects as camp sanitation, the treatment of trench fever, the pros and cons of the vivisection controversy, prophylaxis, tuberculosis, influenza and all those kindred subjects, the treatment of which by the military authorities, with the Red Cross as their auxiliary, might mean the difference between success or failure in the War.

The women's advisory committee was headed by Mrs. William K. Draper of New York, one of the outstanding figures in the Red Cross then and today. Her experience went back to those dark times in 1898, at Montauk Point, at the end of the Spanish-American War, when the Red Cross went through heavy days in caring for the disabled American soldiers. Absolutely and completely devoted, as both she and Davison were, to the Red Cross cause, their mutual confidence and esteem enabled them to iron out difficulties and turn friction into harmony. For all was not harmony in those early days. How could it have been? And yet nine-tenths of any serious disagreement over ways and means, throughout the Red Cross world, arose from superabundant enthusiasm. The fire of a great common purpose could not long be obscured by the mere smoke arising from friction as to method.

Mrs. August Belmont, appointed assistant to the War Council, took up her residence in Washington as a full-time member of the staff. A wonderful public speaker, a tireless worker, charming, wise and tolerant, formally appointed as aide to the Chairman, her services became invaluable.

The friends who were close to Davison often heard from his own lips his appreciation of the attitude and work of these helpers, the esteem which he had for them, and for the host of others whose names spring to mind but must be omitted for lack of space. Davison, himself, was learning, as never before, to appraise and to tolerate; for, while he was never an obstinate man, his views once formed were strongly adhered to. At first a serious difference of opinion with a person would sometimes tinge his judgment of that person's qualities. As time went on, however, he rapidly cultivated that fine measure of toleration which could leave him unconvinced and yet with respect undiminished. His associates, almost without exception, likewise learned, largely from his example, the lesson of toleration and, even though sometimes slow in yielding any differing opinion that they might have, accepted his decisions with complete loyalty and coöperation.

The habits of planning and work, that had grown upon him through all his life of affairs, Davison naturally brought with him to his Red Cross work. It had, for example, been his constant practice to carry beyond all ordinary business or social hours any matter that was of great interest to him. Thus in the Red Cross work conferences around the dinner table and late into the evening were the rule and not the exception, and although his demands upon the time of others were heavy and sometimes irritating, the overtime was made easier by that ever-present, whimsical humor of his

which could frequently turn the dulllest or most exacting task into recreation. These late-hour habits of a lifetime carried over into the War work with redoubled intensity. And they were not occasional, but continued day after day.

It became apparent, soon after his arrival in Washington, that nocturnal habits of work, such as those followed by Davison, could be continued in a crowded hotel only with great difficulty and hardship. So, almost at once, the Chairman personally rented the estate called Twin Oaks. Twin Oaks deserves a bit of description, for during the next two years it was the scene of so many interesting meetings, discussions and decisions. There were any number of Red Cross workers who either lived there temporarily or passed as guests within the doors of Twin Oaks. They were guests only in name, however, for the house became a second Red Cross Headquarters, almost as important as the official one downtown.

Twin Oaks is located on Woodley Lane in the Chevy Chase section, near the main artery of Massachusetts Avenue—a fifteen-minute motor-trip from Red Cross Headquarters. The place had belonged to Grosvenor Hubbard, an associate of Alexander Graham Bell. At the time Davison took it, it was the property of the family of Hubbard's son-in-law, Charles J. Bell. The house was a comfortable, three-story affair, built in the style of a preceding Washington generation, with wide halls and spacious library and living rooms. Upstairs, on the second floor, were Davison's bedroom and two others, besides another sitting room. On the third floor, there were three bedrooms. All of the spare bedrooms were continuously occupied by various members of the Red Cross staff. Some of them were Charles D. Norton, John D. Ryan, Martin Egan, Ivy Lee, and

George B. Case. A guest room was maintained on the ground floor also, in which many a distinguished Red Cross visitor spent the night, or what was left of a night after the day's business was finished.

Around this homelike dwelling, which was situated upon a picturesque knoll, there stretched spacious grounds dotted with fine old trees, including the "Twin Oaks" themselves, together with handsome shrubbery. From the porch facing the south, the City of Washington could be seen stretching away to the distant horizon, with the Washington Monument looming up across it. It was upon this porch, looking out upon this scene, by night as well as day, that men and women from all over the country listened to the persuasive words of the Chairman. Many of those who were to enlist for service in foreign countries received their sailing orders here. Here it was that many "Red Crossers" signed up for the duration of the War, turning their backs upon home and upon all the ways of living that they cared for most.

As for the first great, concrete task that Chairman Davison had to address himself to, it had been proclaimed by President Wilson that the First War Fund Drive was to be undertaken as early as the week of June 18-25, 1917, just following the completion of the First Liberty Loan Drive. Naturally, the energies of everybody were concentrated upon this, the first prodigious War-time call of the Red Cross. There were numerous accounts of how Davison first came to electrify the Red Cross following, and indeed the whole United States, by his audacity in asking for such a large sum as \$100,000,000. Regardless of when, or where, or how many times he declared for the huge sum to be raised, there is no particle of doubt but that, at this

time, Davison's conception of the size of the fund to be asked for, and its significance to the nation, had far outstripped the thought or imagination of his associates.

It was in just this sort of situation that Davison's foresight and courage in small as well as in large things marked him as a man apart. He was not particularly strong in the matter of detail. Or, perhaps, it is better to say that he would not permit detail to surround and confuse him. In almost any situation, he could always see one or two jumps ahead of those around him, and when he made up his mind to action nothing discouraged him. So it was here. He saw this war as a tremendous catastrophe. He had seen it close at hand in his various trips to Europe from 1914 to 1917. He knew what it meant in suffering to those people "over there," and he knew what it might mean in suffering to his own country as well. He was certain that his fellow-citizens were heart and soul in the great task, and that, if given a proper objective, they would go as far as their leaders could show the way.

Again and again, he told his co-workers at Twin Oaks and at Headquarters that he had no particle of doubt of the success of this first great drive. So sure was he that, after the organization was set up and under way, he turned his attention quite away from the drive and devoted himself to the problems which would immediately follow the raising of the money.

Huge drives of this kind had not been known before, and the excitement, enthusiasm and suspense of the whole staff were at fever heat as the returns of that memorable week in June came in over the wire. The least excited and the least surprised, if surprised at all, was the Chairman. The results are well known. Over \$113,000,000 was subscribed in one week, and the Red Cross membership jumped to over 5,000,000. Seward



THE CHAIRMAN OF THE WAR COUNCIL LEADING THE RED CROSS PARADE  
ON FIFTH AVENUE, IN 1917



Prosser, as executive chairman of this drive, together with the hosts of able associates which he gathered around him and enlisted in all quarters of the country, set new precedents in organization for such affairs, precedents which hold good to this day in their effectiveness. Given a good cause, the people of this country will invariably respond, provided only that, throughout the length and breadth of the land, they can be well informed. Organization must be widely effective to reach them all, but with it success is unfailing. This fact Davison believed and proved.

As one looks back upon this first great Red Cross effort, one's appreciation of this man's foresight grows. It is doubtful if a single person, with whom Davison came in contact at the time, believed that the accomplishment, which he planned was possible. On the contrary, there were many who urged against seeking such a huge sum, for fear that in its failure the Red Cross War work, in general, would have a setback. It has frequently been said that the raising of this first instalment of the War Fund (the total of the funds grew in time to be over \$400,000,000) was an object lesson to the people of this country, so permanent and so inspiring as to open the way and make possible those subsequent, enormous outpourings of gifts, not only for the Red Cross, but for other voluntary organizations during the War and since. The Allied nations abroad were making frightful sacrifice in men and treasure, the sort of suffering that, happily, fell to the lot of Americans upon only a limited scale. But to this particular form of effort, that manifested itself in the great drives for funds, there has never been a parallel, in this or any other country.

Although all the activities of Red Cross organization did not come to a head in the very early days, many



did, and intense study was required even to begin to make clear the size of the problems. Ways and means of handling them seemed, at the start, very confused. While on May 1, 1917, just before the War Council was appointed, there were some 480,000 members and 562 chapters, beginning immediately thereafter, the membership and number of chapters continuously expanded until, on February 28, 1919, when the War Council retired, there were over 20,000,000 senior members and 11,000,000 junior members; and there were something like 3,724 chapters and 17,186 branches.

How could a relatively small staff group, in the single crowded building at Headquarters, even attempt to handle effectively such a disordered and pressing accumulation of business? Despite the hardest of hard work and long hours, the confusion at Headquarters continued to be bewildering and to grow worse rather than better. One of the most disheartening features was the slowing-up of detail work, necessarily incident to this confusion. For example, most of the local organizations, in the chapters throughout the country were headed by people of importance who felt, and had the right to feel, that their ideas and plans should receive prompt and respectful attention at Headquarters. Yet, there were not minutes enough in the twenty-four hours for even the constantly increasing staff to begin to attend to all the pressing letters, telegrams and visitors, and, at the same time, to devise general plans for the future. All the good-will and devotion in the world cannot bring great results if method and system do not provide the channels.

At the end of one long evening at Twin Oaks, Wadsworth, rather pathetically and humorously, twitted the Chairman in somewhat these words: "I thought when all of you marvelous organizers came down here we

should have order and system. But just look at the mess!"

Something had to be done.

Harvey D. Gibson was, at this time, president of the Liberty National Bank in New York, that same institution which had been Davison's first love in his banking career. He had grown up, in recent business years, under the eye of Davison who had been chairman of the executive committee of that bank. Gibson's flair for organization and system was well known. He was summoned to Washington and was told that the Red Cross needed him; that he must take charge of a reorganization of the machinery. Somewhat ruefully after that conference, he said to some friends: "I wish you could get me out of this; I don't see how I can possibly leave my work."

Of course, he did leave his work. He came to Washington, rented a house and gathered around him a notable force, recruited from the ranks of the American Telephone & Telegraph Co. and of the American Express Co., and elsewhere.

One must mention, at least by name, some of the most active men in this group working under Gibson. There were George Murnane, later a partner in Lee, Higginson & Co. in New York, Joseph M. Hartfield, a member of the New York law firm of White & Case, and George E. Scott, now president of the American Steel Foundries, in Chicago. Scott subsequently succeeded Gibson as general manager and as member of the War Council, when Gibson was despatched for service in France, succeeding, there, James H. Perkins as commissioner, after Perkins had gone into the Army.

While he was general manager, and later when he went to France, Harvey Gibson had as one of his assistants an exceedingly able and delightful woman,

Miss Elizabeth Hoyt, now the wife of Sir Ronald Lindsay, the present Ambassador from Great Britain to the United States. In France, particularly, many difficulties were smoothed away with her help and that of Mrs. William K. Vanderbilt who, in addition to rendering excellent liaison service between the French and the American Red Cross, directed the women in the Canteen Department conducted by the organization in Europe.

There were also, as members of the "Junior War Council," Samuel Greer, James G. Blaine, now president of the Marine Midland Bank in New York, and Frederick P. Small, now the president of the American Express Company. These men, or most of them, lived with Gibson, and, in his house, the same nocturnal habits of work prevailed as at Twin Oaks. This group was, of course, in no sense working apart and independently. Constantly, as a group or as individuals, at the office or at lunch or dinner, they met with the Chairman and other members of the War Council. The plans, so readily described in a few lines, took twelve or sixteen hours of the day and seven days of the week to work out, in all their complicated details.

As a result of all this endeavor, the Junior War Council finally completed and put into effect, on September 1, 1917, the plan which changed the whole, loosely-knit organization into one of smoothly running and efficient operation. The change required not only time, but the covering of a wide sweep of territory. Together with various members of his group, and frequently accompanied by the Chairman, Gibson, as general manager, took many trips near and far, and held many conferences, before the country was finally divided into thirteen geographical divisions. Each was headed by a man of known and tried experience and reputation.

Around him centred the Red Cross activities of his particular division, and through these thirteen men, the channels of communication with Headquarters were reduced from a multitude to thirteen—a notably effective decentralization.

The work that these men did, giving up their entire time to it, constituted one of the most important contributions made to the success of the Red Cross. The divisions which they administered were as follows: New England, James Jackson; Atlantic, Ethan Allen; Pennsylvania, Charles Scott, Jr.; Potomac, Henry White; Southern, William Lawson Peel (succeeded by E. R. Black); Lake, James R. Garfield (succeeded by B. F. Bourne); Central, Bruce D. Smith (succeeded by Howard Fenton); Gulf, Leigh Carroll; Northern, A. R. Rogers (succeeded by F. H. Stolze, and later by Frank T. Heffelfinger); Southwestern, George W. Simmons; Mountain, John W. Morey; Northwestern, C. D. Stimson; Pacific, Marshall Hale (succeeded by John B. Miller).

Another division was added later, the fourteenth, at the head of which was Otis H. Cutler, chairman of the American Brake Shoe & Foundry Company. This division included overseas memberships and chapters formed wherever Americans were grouped, throughout the world, outside the United States. Cutler was later to be of the greatest help to Davison in the organization of the League of Red Cross Societies.

With the First War Fund Drive well launched and under way, the Chairman's next important and most pressing task was to set about the appointment of a Red Cross commission to France.

Meantime, over there, events of grave portent had been happening at the front. It will be recalled that,

early in April of 1917, when the President and the Congress of the United States were formulating the declaration of war against Germany, France was about to launch another offensive against the German army. General Nivelle, in conjunction with the British armies, prepared the general attack, and the field chosen was the high ground of the Chemin-des-Dames. That assault, costly in men and material, was a failure, and its results reacted—far more seriously than the French or the world public then realized—upon the morale of the French army and the French people, as well as upon the Allied commanders. The task of reorganizing the partly demoralized French troops was entrusted to General (later Marshal) Pétain.

More or less definite reports of that disaster of April, 1917, found their way to Washington, and Davison and the other members of the Red Cross War Council, realizing that many months must elapse before American troops could take their place in large numbers on the fighting front, decided upon a broad programme of war relief in France, designed to sustain confidence. It was a departure from the traditions of Red Cross, but it was a wise decision of important consequence to the Allied cause. The outstanding feature of the new policy of a militant American Red Cross was, as it afterwards developed, an appropriation of \$1,000,000 for the direct benefit of the families of General Pétain's harassed soldiers, to be expended as he directed.

Pershing knew the need and the peril of France, and when the Red Cross War Council asked him what it could do for him, he promptly cabled this reply: "If you want to do something for me, for God's sake buck up the French. They have been fighting for three years, and are getting ready for their fourth winter. They have borne a tremendous burden, and whatever

assistance we can lend them promptly will be of the greatest possible value."

Under these conditions, the composition of the commission to France was no light task. Not that there was any lack of men and women eager and anxious to go, but that the selection of the precisely right kind had to be made and—almost equally important—that the scope and nature of their instructions had to be wisely conceived. Colonel Grayson M.-P. Murphy, himself a member of the War Council, a West Point graduate, and at the time a high-ranking officer in the Guaranty Trust Company, was selected to head this first commission. Murphy did a wonderful job, as did his successor, James H. Perkins. Both successively left the Red Cross at a later date, to enter the American Army.

Davison and his aides spent hours with Murphy making plans and arrangements for the selection and equipment of the mission and for its prompt departure. It sailed on June 2, 1917, arriving in the Gironde on the steamship "Lorraine" on June 12, a week before the First War Fund Drive had begun, another indication of the confidence of the Chairman and of the speed with which he acted. All told, there were eighteen men in this, the advance guard of the Red Cross, which was in time to expand to over 6,000 men and women in France alone. The instructions to this first mission were simple. Its members were told that their sole purpose was to render service, first to the French and later to the Americans as the latter came in numbers. And here it may be noted that over \$95,000,000 in money and supplies were used in France in the twenty months prior to February 28, 1919, when the War Council's term of service ended.

The Chairman's principal concern was that, in bring-

ing help, the mission should exercise great care that no national susceptibilities should be offended. This was to be the keynote in the instructions for all the foreign commissions; for, as Davison often said with great emphasis: "The greatest value in any gift is in the way you give it."

The selection and dispatch of the various American commissions to foreign countries occupied much of the Chairman's time at this period, for while the details of equipment and the character of much of the personnel had necessarily to be delegated to others, he felt with seriousness the responsibility which was upon his individual shoulders. Success or failure would rest largely upon the various leaders and, in turn, upon him as the one to whom they would look for authority. It was no light responsibility to uproot a band of men and women, take them away from their homes and vocations, and send them over dangerous seas on missions where the problems and difficulties were unknown.

Perhaps, a bird's-eye impression of the extent of the work involved, in the proper selection and sending of these commissions, can be given by appending a list of them with their respective leaders. To each was attached a large group of earnest associates, whose names, perhaps, should be included here, but obviously cannot for sheer lack of space.

Commission to Russia: Commissioners William Boyce Thompson and Dr. Frank Billings, departed by way of Vladivostok and Siberia, on July 5, 1917.

Commission to Great Britain: Commissioner William Endicott, departed July 12, 1917.

Preliminary Emergency Commission to Italy: Commissioner George F. Baker, Jr., departed July 29, 1917.

Commission to Roumania: Commissioner Henry W. Anderson, departed by way of Vladivostok and Siberia, on August 2, 1917.

Commission to Serbia: At first the commissioner on the ground was Dr. Edward W. Ryan; a subsequent commission from America, which departed on August 25, 1917, was headed by Cordenio A. Severance.

Commission to Belgium: Commissioner Ernest P. Bicknell, appointed January 1, 1918.

Permanent Commission to Italy: Commissioner Robert P. Perkins, departed December 5, 1917.

Commission to Palestine: Commissioner Dr. John H. Finley, departed March 3, 1918.

Commission to Switzerland: Commissioner Benjamin Dimmick, departed May 8, 1918.

In the dispatch of all these missions, quite aside from such questions as the selection of personnel and equipment, it was important to sound out the state of public opinion in the countries to which the missions were to be accredited. Would such missions be welcome? And what needs, peculiar to each of the several countries, must the respective missions be prepared to meet? Great discrimination had, naturally, to be exercised in the make-up of the commissions; and eager and worthy candidates had sometimes to be rejected, though the Chairman was generally able, in that inimitable way of his, to prevent serious heart-burnings.

At home, an accomplishment of note was the consolidation of many of the efforts and operations for relief that were being carried on by patriotic individuals or groups. It had soon become apparent to Davison and to all his associates that the relationships between the Red Cross and the other War-time, voluntary relief organizations were of great importance. It



is a bit difficult, after this lapse of time, to recall to ourselves the white heat of eagerness to be of service which animated the American public in 1917 and 1918. The only direct activity for those persons who could neither fight nor take a Governmental, or semi-Governmental post, was through these voluntary organizations. As pointed out already, it was this eager spirit of service which Davison was one of the first to recognize as a vast motive power behind the effort of the Red Cross. The same was true with respect to the other organizations, such as the Young Men's Christian Association, the Salvation Army, the various Hebrew organizations, and the Knights of Columbus. All of them were able to raise large sums of money, and all of them accomplished excellent results in their respective fields. The difficulties in avoiding duplication and resulting confusion can well be imagined. They were both real and formidable.

Dr. Frederick P. Keppel was appointed Assistant Secretary of War, in charge of this most difficult job of harmonizing these various efforts. He did yeoman service. As Dr. Keppel testified many times, no one, in the whole circle of these various loyal and patriotic organizations, was of more actual help in smoothing over these difficulties and harmonizing efforts than was the Red Cross Chairman. His good-humored interposition, again and again, calmed excited spirits, and helped to swing the various efforts into parallel, rather than conflicting lines of endeavor.

There were literally dozens, if not scores, of relief organizations, soliciting funds and supplies and sending personnel to Europe. Davison was anxious, as already indicated, that, to the greatest extent possible, such overlapping and duplication should be avoided. He was always eager to bring about prompt adjustment of

any differences or difficulties existing among the various organizations. His attitude toward such other organizations may best be illustrated by the following incident. A difference arose between Red Cross and Y. M. C. A., as to certain work at cantonments, and it was proposed to name arbitrators to represent either side, in an effort to adjust the matter. The Y. M. C. A. named as its arbitrator Dr. George E. Vincent, President of the Rockefeller Foundation. When Davison was asked to name the arbitrator for the Red Cross, he responded by saying he had such respect for Dr. Vincent's high character and sense of fairness that he would name no one, but would accept any decision which Dr. Vincent reached.

The first consolidation of relief bodies to be arranged was between the American Relief Clearing House, organized and directed by that great industrial leader, C. A. Coffin, and the Red Cross. Coffin, without hesitation, gave up, in the interest of harmony and efficiency, a project very near his heart.

Finally, largely through the efforts of Cornelius Bliss to whom Davison entrusted this task, there was organized the so-called Committee on Co-operation, made up of C. A. Coffin, Judge R. S. Lovett and A. G. Hodenpyl. The organization of this committee of outstanding citizens was a notable accomplishment. Its work brought unity of action, and, more often, actual consolidation of many War relief committees with the Red Cross.

Frequent occasion for Davison's interposition also arose when the Red Cross had to adjust its activities with those of the War and Navy Departments, and with other departments of the Government as well. And in those early days, United States Army officers

had great skepticism as to the capacities of the Red Cross organization.

Questions of precedence in shipments had to be taken up with the Shipping Board, of which Edward Hurley, one of the original War Council, was the head, and questions relating to supplies with Bernard M. Baruch, of the War Industries Board, and his associates. Herbert Hoover, then head of the Food Administration, would come to Twin Oaks where, after dinner, again around that same fireplace, questions having to do with food supplies and kindred subjects were discussed and smoothed out. Money matters connected with exchange and foreign payments were arranged with the Treasury Department and Mr. McAdoo. And, of course, there was constant contact with General Pershing and his staff in France, and with most of the other important military and naval commanders, not only in France, but also in England and in other Allied countries.

In all of those relations, smooth operation and co-operation almost invariably obtained, and in many cases they were largely due to the personal effort and tact of the Chairman. As time went on, the military and naval authorities became more and more impressed with the value of the service rendered directly to the soldiers and sailors, a service that could be more effective because it was untrammelled by the red tape which inevitably hampers governmental organizations.

Without burdening the text with too many exhibits, I still wish to quote two dispatches which will show what impressions of the Red Cross at work were formed by such notable authorities as General Biddle, who was in command of the American forces in England, and by Admiral Sims, Commander-in-Chief of the American naval forces in European waters. Both of these dis-

patches were sent at a time when the Red Cross workers at home were eager to learn what their laborers afield were accomplishing; and were, no doubt, quoted to excellent effect when they reached Red Cross Headquarters at Washington.

### General Biddle's message:

I really do not know what American Army would have done in England without Red Cross. Everywhere Red Cross is giving best that can be given or asked for. Our men being cared for well as they can be and being helped by Red Cross in every way, including care at large hospitals in London, Paighton, Salisbury and Mossley Hill. At all our camps throughout British Isles it has given us many things which we either could not get from Government, or could not get without much delay. This work has been so well done that nowadays every one applies first to Red Cross whenever they want anything very particularly or very quickly. It seems to me that every time I leave London to go anywhere, I see something new that Red Cross been doing. In Otranto disaster first thing we did was go to Red Cross for materials and supplies various kinds, and when we sent boat to look after survivors on bleak island Islay, many provisions for expedition came from Red Cross. When we sent large number men to Northern Russia, short time ago, Red Cross sent I don't know how many hundred tons supplies. We in army all feel gratitude to Red Cross which it's hard me express in words. Without Red Cross would be impossible have given camps comforts, conveniences, happiness, they've received England. You have our hearty thanks for all you've done, are doing, and intend continue do, long's American soldier in England.

### Admiral Sims's message:

I have often heard people say, "Why is it necessary care for sick and wounded soldiers, sailors, through an organization like Red Cross? Why does not Government take charge of it?" Fact matter is Government not capable doing it way Red Cross does. All government activity, particularly this work, is governed by rules and regulations and an auditor. All these rules, regulations are made with view to what is likely to happen, but all needs cannot be foreseen. When emergency turns up we sometimes have not facilities, sometimes not legal authority to do all we ought to do. Red Cross man is like

a combination of President United States and Cabinet and both Houses. He can make law as quick as you can write check. Emblem of Red Cross is two small pieces of red tape laid neatly across each other. But so far as I know this only bit red tape they've got. They can do things unhampered by rules, regulations. When our men are sick, wounded we need quick action, unhampered and free; that's where Red Cross comes to front. Disasters like Otranto show how valuable is its work. Some months ago Red Cross came to me and asked if they could establish emergency depots on north coast of Ireland, with view possibility some such disaster as this. Government could not do it, and seemed pretty evident it ought be done. I told them go ahead, and these depots were of greatest value in Otranto disaster. Red Cross is ever present to help in time trouble. We have had many crosses to bear during this war but Red Cross has been finest and best of them.

"THE GREATEST MOTHER IN THE WORLD": that was one War poster that everyone remembers. It had a significance especially deep for those unfortunates who received that Mother's ministrations on battlefields, in hospitals, throughout devastated areas, in prison camps, from one end of a harried world to the other! During wars, pestilences, earthquakes, and all the other catastrophies that man's follies or nature's vagaries have plunged us into, that Mother has been present. The very mention of her name calls up memory of Florence Nightingale, Clara Barton and a host of other devoted women, without whom the Red Cross would never have been what it is today in the hearts of the American people.

In fact, as to the services of the women of the Red Cross, Davison himself was never able to express fully the appreciation which he felt and acted upon. "Without the women, there could be no Red Cross," was a statement that he made again and again. Yet, there were reasons why it was not always easy to organize the work of the women volunteers. Many of them were already experienced in education and affairs, and

their very experience at times made them cling tenaciously to their own ways of doing things. When a woman's heart is touched by some particular form of suffering, her tenacity of purpose will not readily be loosened, nor will she willingly compromise on method. With such determination existing in the minds of thousands of eager women, it was a perplexing problem to fit these useful personalities into a vast and growing organization where, in order to avoid chaos, standardized methods had to be applied. Under such conditions, patience and tact became the chief virtues in life. But here Davison's task was lightened, because, in the Red Cross, the absence of pride of opinion among the noble women leaders who worked with the Chairman gradually smoothed out the difficulties until any lack of harmony became wholly negligible.

From the very start of his work, and as soon as he began to realize the immense sums of money involved in the War-time plans of the Red Cross, a problem which had greatly troubled the Chairman's order-loving mind was the setting up of a proper accounting system. Accounting systems are always dry and uninteresting, though necessary parts of any large undertaking where money is involved. Here was probably as complicated a financial situation as one could well imagine. The Red Cross was the virtual trustee of great sums of money contributed by millions of people, the individual contributions ranging from a few cents up to \$1,000,000. Many of these gifts were restricted as to their use. There were over 8,000 bank accounts throughout the United States. Appropriations had to be made for the various commissions sent abroad, involving questions of exchange and the transfer of funds. The accounts of thousands of chapters and branches had to be consolidated. And in the back-

ground always stood the necessity for the preparation of a clear and understandable report to the War Department, as required by law. Charles G. DuBois, the highly reputed comptroller of the American Telephone & Telegraph Company, was loaned by that company, at the Chairman's invitation, upon the recommendation of Mr. Gibson. Coming to Washington to live, he organized his personnel, and achieved a most notable contribution to the Red Cross, in an accounting system which has never been questioned, the reports of which were as clear as crystal and almost as interesting as a novel.

At the time when Davison was first considering the question of directing the Red Cross, some of his friends pointed out that, in accepting the post, he must expect some misunderstanding of personal motives, and even considerable questioning and criticism. But Davison never feared criticism. He always welcomed sound suggestion, and he usually found a way of disarming hostile critics.

Soon after the first great drive, and as the fund of over \$100,000,000 was in process of collection, the Chairman was speaking at a crowded Red Cross rally in Detroit. Just after he had finished his scheduled address, a raucous voice called out from the gallery:

"We want to know what the Morgan firm is doing with all these hundreds of millions of dollars it collects for the Red Cross!"

A rather pained hush fell for a moment upon the audience. Davison promptly stepped forward to the edge of the platform.

"Do you think that an entirely fair question?" he asked mildly.

"Yes, I do!" came back the truculent reply.

"Very well," responded Davison, "I *will* tell you

this: that the firm's entire connection with this fund consisted of a subscription from the partners of one million dollars, and a stipulation that not one penny of the entire one hundred millions be ever deposited with the firm."

Whereupon the audience expressed its satisfaction in no uncertain terms.

As in the matter of the accounting, so one obstacle after another was surmounted. A pressing need for office space developed, to house the rapidly increasing staff. For this purpose, temporary buildings of the familiar War-time type were constructed in the vacant space of the block in which Headquarters stood. By the time of the Armistice, this whole block was covered with these structures, and every nook and cranny was occupied, including the altered space in the old brick church, already there.

The task that Davison faced with, perhaps, the greatest reluctance, was the public speaking that had to be imposed upon him on an extensive scale. In fact, it was a part of his work which he had not originally contemplated at all. The Chairman was not a finished public speaker, for he had had little experience on the platform prior to those Red Cross days. At first the prospect of a public address caused in him the dismay and tremor usual to the beginner. But as there was no escaping these ordeals, he faced them with his customary serenity, and in a short time became a most effective speaker. One reason for this effectiveness was that behind every word he uttered there was an unmistakable earnestness, so deep and convincing as to be unquestioned by his audience. Davison had none of the arts of the orator. He made no attempt at platform guile, but thought only of the story he had



to tell. And he told it simply and directly. The man's sincerity was irresistible, and his message invariably went home.

Davison, who loved to tell a story on himself, used to recount his experience at the first public Red Cross meeting held during the War, at which he and others were scheduled to speak. Mr. Taft was presiding.

"I was scared to death," said Davison, "and it was as though from another world I heard Mr. Taft say: 'It gives me great pleasure to introduce to you one of our most distinguished citizens, a man who would rather face a German battery than an audience.' I was half-way out of my chair, when Mr. Taft said: 'General Pershing!'"

The Chairman's extensive speaking tours carried him from one end of the land to the other, and across the seas. One notable audience of large proportions, containing many distinguished personages, listened to his message in the Coliseum at Rome. Here was the boy who used to let down the pasture bars for Uncle Merrikk's cows in the Pennsylvania hills years before, now become the central figure in the ancient oval of the Caesars.

Directly after the great Red Cross parade, down New York's Fifth Avenue in May, 1918, the parade in which President Wilson himself marched, there was an evening meeting in the Metropolitan Opera House. The building was jammed to the uppermost gallery. President Wilson and Davison sat beside each other on the platform, and each pleaded for the Red Cross in his own way. Yet it is fair to say that, in direct appeal and effective presentation, the Chairman's talk suffered in no way by comparison with the President's address, superlative as that was.

Davison was in great demand, for Red Cross meet-

ings were taking place daily, all over the land. Many invitations had to be declined, but there was one which he accepted joyfully. It came from Troy, Pennsylvania. Railroad schedules were awkward, and it was not easy, from Washington, to reach Troy at seasonable hours. As a matter of fact, the Chairman arrived in the little town at about three o'clock in the morning, in the midst of a tremendous downpour. But on the dark and rainswept station platform were the members of a committee of his former fellow-townsmen, headed by Everett Van Dine.

"Well, Harry, how are you, old man? Kind of wet, isn't it?" A greeting typical of those that almost overwhelmed him during the next twelve hours. His cousin, Annie Holcomb, stood in the rain on her own doorstep to greet him, and, even at three o'clock in the morning, there were other neighbors at hand, ready with hearty hand-shakes.

The next day Harry, as, of course, everybody still called him, spoke twice, once in the "Opera House" and next in the church. There were numerous formal and informal receptions. Through it all, however, there was no touch of condescension on his part nor undue respect on the part of his old neighbors, but only simple neighborliness. The whole visit was an experience that the Chairman treasured with that depth of sentiment and heartfelt warmth which were so peculiarly his.

Back again the next day, around the fire at Twin Oaks, his friends laughed at his description of how Van Dine had introduced him in the Troy "Opera House," as "the next President of the United States." Harry chuckled at this, as he told the tale, though at the same time half annoyed. President of the United States? Many persons, other than Van Dine, had made the

same suggestion. But Davison had no illusions: in his own mind, he knew that it could never be.

It is not surprising that among the thousands of devoted workers in the Red Cross, who realized the nature of the work that Davison was doing, there were hundreds who frequently expressed the thought that he might be drafted into even broader fields of endeavor. Those were the days, in the last eighteen months of the War, when public opinion in America was still fluid. Neither here nor in Europe had the almost complete disillusionment of the post-War period even begun. Men were longing for peace-time leaders who, with every regard for America's domestic interests, would yet realize that for her own sake and that of a war-wracked world, policies of toleration and appeasement—even at the apparent cost of large temporary sacrifice—should be undertaken. It was small wonder, then, that many of the Red Cross people felt that Davison had, through the power of his mind and heart, shown himself to be of the character and stuff of which such leaders are made.

By the end of 1917, the machinery of the great organization was fairly on the way to smooth and efficient operation. The great initial drive for funds had succeeded beyond the fondest hopes. Progress was steady at all points. The executive direction of affairs could safely be left in the hands of the Chairman's associates in the War Council. With the way thus made clear, he decided rather suddenly that he should visit some of the scenes of foreign Red Cross labor. By this time, the daily sheaf of cable messages from the various commissions abroad had grown to impressive proportions. All sorts of problems were presented by

them. The variety of articles and the requisitions for immediate shipment were legion. Personnel of various kinds in ever increasing numbers was desperately called for. Questions of important policy, which could not be adequately understood by the interchange of cables, called for consideration on the spot. So, on a dark night, in the early days of 1918, by arrangement with the Navy Department, Davison slipped away on the "Leviathan" with thousands of soldiers, his departure, like that of the others, being shrouded in mystery until he landed on French soil.

The reception accorded to the Chairman of the American Red Cross was, naturally, warm and enthusiastic. On this first official trip to the other side, he visited all of the important points of American Red Cross activities in France, Belgium, Italy and England. In each of these countries, he was received by the leading men in the governments and by the commanding officers of the Allied armies. He had interesting audiences, too, with the King of England and the King of Italy.

The whole trip was not only of absorbing interest, but of great value to the Chairman of the War Council in adjusting his perspective of the work that had been done and that remained to be done on a great scale. He was able at first hand to gain those vivid impressions that meant so much to him, and to the organization behind him, in sizing up the existing situations in the Allied countries and in coping with them. This was in the late winter and early spring of 1918. And it will be remembered that it was this spring which witnessed the greatest of all the German drives; and that it was not until late July that the Allies seemed to be definitely relieved from imminent disaster. Davi-

son, himself, was under fire upon several occasions, in the course of visits to the front.

Davison's visit to Buckingham Palace is described largely from his sister Mary's recollection of his entertaining recital of it.

When Harry arrived in England, he was told that the King wished to see him on the following Friday, at eleven o'clock. As usual, his secretary made a note of the engagement, and Harry settled down to his work. When Friday morning arrived, Harry worked up to the moment when the functionary who was to accompany him to the Palace arrived. They started in a motor, and Harry suddenly thought, "Why, I am going to visit the King of England!"

He turned to the equerry and said: "I am not in the habit of going to Buckingham Palace and I suppose there is a certain amount of etiquette in connection with such a visit. Tell me briefly what I ought to do or ought not to do."

The equerry replied: "You should not cross your legs. You should not start to shake hands until the King puts out his hand. You should not leave until the King dismisses you."

"Well," remarked Harry, "I will do the best I can, and I hope I shan't disgrace myself."

When he reached Buckingham Palace, he found King George very simple and very much alive to the situation in America. He was surprised at the understanding which the King showed in his questions. The King was particularly interested in the details of the coal strike that was being waged in America just then. He also wanted to know how a Red Cross drive was conducted and how such a large sum of money could be raised.



A RED CROSS VISITOR BEHIND THE TRENCHES AT VERDUN  
(*Central figure*)



Suddenly, Harry saw that an hour had passed and recalled that he had another engagement in ten minutes. He said to himself: "Was I to go, or was the King to dismiss me?" He could not remember which it was; so he arose and said to His Majesty that he realized how occupied his time was, and so on.

The King remarked: "You are dining with my son, the Prince of Wales, tomorrow night. I wish you would tell him the things you have told me; he will be profoundly interested."

And so Harry took his departure. Once outside, he said to the equerry, "Was I to make the move to go, or was the King to dismiss me?"

"The latter, sir," replied the equerry.

"I remember now," Harry said. "We did not do it that way, and I do not know how many other mistakes I made, but His Majesty is a very interesting person, and I think we understood each other."

Davison's call on the King of Italy, when he arrived in Rome a few weeks later, may also be described in the style of his recital:

Not long after his arrival, he was told that the King wished to see him. He remarked that once this might have bothered him, but he had learned that kings are men just like the rest of us when a war is on.

The King's whereabouts was kept secret—no one knew where he was living. Harry was taken in a motor into the country, and finally arrived at a delightful, simple country place. The front door was open, and he noticed someone standing inside. He held out his coat and hat. The man made a gesture indicating a bench where he could lay them. Harry found afterwards that this was the Minister of War.

He passed into a very homelike room, and he was struck by the beauty of a picture on the wall. As he



was gazing at it, a man came in. Harry told him how much he admired the picture, and this person replied that he, too, liked it very much. He asked Harry to sit down, and they began talking of things in general. Suddenly, Harry said to himself: "Why, this is the King! And I suppose I have been crossing my legs and holding out my hand. But it does not matter."

The Chairman found the simplicity and sincerity of the reception given him all through Italy very touching. All the people he met seemed to know just what they wanted to say and how to say it. A private train was put at his disposal. He felt that this attention was unnecessary and would serve to increase the country's general difficulties in transportation. But the officials insisted upon carrying out the idea just because the travel was so difficult, and Harry realized later that, without the train, it would have been practically impossible for him to make the journey which he was obliged to make.

At each place where Harry stopped, there was a demonstration in his honor which never failed to touch him deeply. In Rome he was asked to go to the Italian Red Cross Headquarters, at the Hotel Excelsior. There he was met by a delightful woman of noble birth. She showed him the work they were doing, and after the tour was finished, she opened the door of another room which was filled with little children.

The Chairman said, afterwards, in recalling the scene: "I do not think one more child could have been put in that room. They stood up when I appeared, and each one was holding a tiny American flag. This was too much for me. I could not go in the room. I was very much overcome, and begged to be excused. I was not able to speak to the children. I could not bear it."

Later, when the Chairman went to Bologna, he

asked, because he was greatly fatigued, that the scheduled time of his arrival should be announced an hour later than it really was, because the arrival of the train always meant a reception. But when the train rolled in, and Davison stepped down from it, he found the platform already crowded with crippled soldiers. He stepped back to make room for them, and then realized that they were moving back to make room for him. These broken and crippled men had been waiting since early morning to receive the representative of the American Red Cross. They were showing this gratitude and affection, as the Chairman deeply felt, not as a demonstration towards him as an individual, but for the work which the American Red Cross, and all its workers under him, had done in order to bring aid to these people.

The French High Command and the leading Government officials showed their gratitude to Davison when he arrived in Paris, for the action taken a few months earlier under his authorization, by which direct aid on a large scale had been granted to the French soldiers under Marshal Pétain's command. The reasons for this unusual action, and the extent of the relief granted, have already been explained in these pages. Six years afterwards, and two years after Davison's death, Marshal Pétain requested that he be permitted to express his gratitude for what the American Red Cross, and especially its Chairman, had done to preserve the morale of his soldiers in the dark days of 1917. His singularly noteworthy memorandum, which is dated June 12, 1924, recalls his first meeting with Davison at his headquarters in Nettancourt in September 1916. This was, of course, before Davison undertook the Red Cross work.

The Marshal's note written in French may be rendered in English as follows:

The French are well aware of the valuable services rendered to their ambulance trains and wounded by the American Red Cross during the War. The American Red Cross has received the unstinted praise of all those who saw it at work either at the front or on the lines of communication. What is not sufficiently known is the peculiar role which was assigned to it during the period which saw the serious decline in the morale of the French troops in 1917.

Through his [Mr. Davison's] great zeal and unlimited devotion, he succeeded in obtaining in America considerable sums destined to aid the troops of the Allied armies and their families. Not content with the material aid which numerous units of the Red Cross gave to combatants, Mr. Davison wished American friendship to make itself felt in those homes where the prolonged absence of a husband or of a son caused the growth of a certain lassitude, prelude to discouragement.

Convinced by his visit to France of the necessity of combating with energy this growing danger, Mr. Davison forthwith placed important sums at my disposal. Help to the families mentioned above was given as follows:

Every division furnished G.H.Q. with a list of the families which had most suffered through the prolonged absence or death of its head. The Commander-in-Chief then brought to the attention of the American Red Cross those most worthy of aid and suggested the sums which might be placed at their disposal; such sums were then sent directly to the persons designated by the American Red Cross. This

system had the advantage of making known to the families helped and to their men folks the origin of the generous assistance which was being given them, and the fact that the high command had helped in securing them this aid.

The result of this charitable work was not long in making itself felt at the front. The soldiers, freed from material worries concerning their dependents, forgot that they had doubted ultimate victory; the wave of discouragement was replaced by a great feeling of gratitude towards our American friends. Until the end of the War, the giving of help to the families of combatants in need was on an increasingly generous scale.

By the time of the Armistice, Mr. Davison had accomplished the task he had set himself. He had accepted the heavy responsibility of presiding over the immense organization which the Red Cross was at that time, with the firm conviction that in so doing he was contributing to the final triumph of the Allies. His action was worthy of his ideal, and his success confirmed his faith.

The recovery of morale in 1917, which permitted us to hold the enemy until the entry into the line of the American reserves, was in great part facilitated by the charitable action of the American Red Cross under the powerful impulsion of its President.

It would be true to say that, under the enlightened direction of Mr. Davison, American generosity was preparing the way for victory even before the entry of American troops into the line.

In thus lightening my task, the American Red Cross and its President have earned an unforgettable right to my gratitude. All my memories of the War have associated with them in my mind some indi-

vidual act of charity which was the result of this truly great mobilization of charity.

I am happy to give homage to the memory of the inspirer and director of this charitable work, Mr. Davison.

It will be recalled that the granting of this special relief fund, handled by Marshal Pétain, had been urged as a necessary step, by General Pershing himself. One day soon after the Chairman's arrival in Paris, he was sitting in the Red Cross office there when suddenly he became aware of someone standing in the doorway. It was General Pershing, in full uniform.

"Why, hello, General, when did you come over?" queried Davison without a smile.

The General came forward, held out his hand, laughed and said: "I have asked ten thousand men in France that question, but you are the first one who has ever asked it of me."

Back at the Headquarters in Washington, it had been evident for some time to the officials in active charge that the Red Cross must have another drive for funds. The demands upon the war chest by our own soldiers in France had greatly increased, as their numbers rapidly swelled, following the great German offensives. By means of cable messages, exchanged between the Chairman and his associates in Washington, it was decided that a second drive for \$100,000,000 should be launched in May. So Davison returned to America, bringing with him from his experiences in the war-area a new enthusiasm and determination which he immediately threw into the campaign, together with all the direct weight and influence of his personality.

It was an eager band of his associates on the War Council that assembled in the library at Twin Oaks to

hear Davison's impressions and first-hand descriptions of the Red Cross work at the front. He told them with intense enthusiasm of the wonderful work that was being done, and of the tremendous job ahead. Our own soldiers were arriving in France in greater and greater numbers, and it was always the Chairman's first thought that the Red Cross had been commissioned by the American people to minister to their soldiers and sailors above and beyond all else. Davison made it clear that not only must the impending drive for funds be a greater effort than the first one, but that added efficiency in administration must be attained in all parts of the organization. He and all his associates realized that to attain once again a goal of \$100,000,000 might be much more difficult of accomplishment than was the previous drive. This was because, in the intervening months, the American people as a whole had had to reach to the bottoms of their pockets in order to bring forth the stupendous sums which had been raised in the several Liberty Loan drives.

There was now, however, little doubt throughout the organization as to the success of the Second Drive. It is not surprising that, even then, people were talking of the good fortune which had come to the Red Cross in having at its head at such a time a man who could interpret his country in the terms of its aroused generosity and devotion. The whole plan was unfolding as Davison had anticipated in the preceding spring. He had foreseen, and had constantly kept before his associates, the fact that here were millions and millions of American men and women who could not go to the front nor in fact do anything to aid in the War unless that vast reservoir of feeling and desire to serve was directed into practical channels; but that if the objectives were provided and the means by which to reach

them set up, there was no limit to which the American people would not go in their giving, in their self-sacrifice and in their work.

The days passed swiftly on to the Second Red Cross War Fund Drive which took place, again by proclamation of President Wilson, during the week of May 20-27, 1918, this time ably headed by William C. Breed, the New York lawyer. It came right in the midst of the startling, early success of the great military operations of the Germans in the spring of 1918, and no doubt the public was stimulated to its utmost by the ominous news and the thought that its soldiers were in the thick of the struggle. The result of the Second Drive was a subscription of approximately \$170,000,000!

Among the many pictures of Harry Davison in the midst of his work at Washington that come back to his old associates, there is one that they recall most frequently. It is that of the Chairman each morning in the midst of the cable dispatches from the various headquarters across the seas. There were dozens of those cables from all over the world each day, and every one of them was read faithfully, word for word, by the Chairman. They disclosed not only the urgent needs for supplies and personnel in France for the service with the American armed forces, but unfolded a variety of stirring pictures: of refugees, the Czech soldiers in Vladivostok, our own infantry and commission at Murmansk in the polar seas, Henry Anderson struggling to get supplies through to fevered Roumania, Allen Wardwell laboring for some measure of relief to the sick and starving children in Moscow; and page after page of queries from anxious families for knowledge of sons who had disappeared on the bat-

tlefields in France, or for word through Switzerland of those who might be languishing in German prison camps.

To many urgent inquiries had to be given the inevitable answers which stilled forever those anxious hopes. Among the messages came a cable from Davison's partner, Stettinius, in France, warning him to prepare another partner, William Porter, for sad news—news which confirmed the death on the battlefield of his only son, James J. Porter. There was no day but had its threat, for Davison also had a son, Harry, serving as aviator at the battle-front in France.

Once again the Chairman sailed for Europe and the Front. It was in the summer of 1918. This time he was able to see his son, Harry, stationed with a naval unit at Dunkirk. But his days were filled with business of the most varied sort. He must still continue to maintain his contacts with the leading statesmen of the Allied Governments; he must be fully informed as to the progress of the many Red Cross missions and their work in the foreign fields; he must review again with the heads of the American Red Cross contingent in France their immense and growing activities.

He returned again to his post at Washington, but the autumn found him back in the forefront of the work in France. These were the closing weeks of the War. The Allied commanders were beginning to realize that the presence of the American forces on the battle fields—and, by the hundreds of thousands more in the training camps—ready and equipped to enter the trenches, was the factor that was to clinch the impending military victory. And the Germans and their already broken allies were making what they knew to be their last stand. Their tide had been at flood in



spring and early summer. Now it was on the ebb and running out swiftly—never to return.

The weeks sped by, and when finally the news of the Armistice was flashed around the world, it found Davison still in France. Overnight, the picture had abruptly changed. The great Red Cross organization, running at full speed and growing more and more effective, must promptly readjust its operation to peace time. Therefore, late in November, Davison returned to Washington to direct the post-Armistice activities of the Red Cross. It required no little skill to conduct the deflation of that great organization. All deflations are difficult, and here was much to be done that lacked the stimulus of news from the battlefield. As the Red Cross followed its soldiers and sailors wherever they went, it must now follow them on their long-delayed return homeward. Succor for the wretched refugees and released prisoners could not be suddenly abandoned. Indeed, in many instances their misery had been aggravated.

The Chairman realized the importance of these matters, but after a few weeks of working with them, he was quite content to leave the major direction in the hands of his associates, for his own active brain had, as usual, gone on ahead. The idea which had been revolving in his mind, and which he projected into long and earnest discussions at Twin Oaks, finally was confirmed in the conviction that steps should be taken for the organization of a world-wide league of Red Cross Societies. Davison was a very tired man at that time, and his associates were doubtful, for no other reason than his own health, whether he should undertake to put through this post-War project. He was not to be shaken, however. The way he put it was about like this:

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"The American Red Cross has shown the way during this war, whereby peoples may be of great help to their unfortunate fellow-men in time of catastrophe. The good will and sympathy engendered by the Red Cross spirit must not be lost. While the Governments are arranging a political peace, let the Red Cross Societies of the world come together in a union and add the weight of that spirit to the reconciliations which should succeed this war."

First, in carrying out this new and final programme, Davison enlisted the ready sympathy and coöperation of President Wilson to whose mind the idea appealed instantly. He promptly armed Davison with the following letter of strong support:

January 7, 1919

*Dear Mr. Davison:*

It is with distinct pleasure and satisfaction that I learn of your plans for the further development of the work of the Red Cross. While at this time they must of necessity be somewhat indefinite, yet the general outline meets with my cordial and hearty approval, not only as President of the American Red Cross, but as President of the United States. As the Geneva Convention, the basis of the present Red Cross organization, was born of war and for service in time of war, what is more fitting than that at this time there should be a re-birth of that convention born of peace and for service in time of peace?

This war has taught many lessons, some of them not yet appreciated, but the great outstanding lesson is that of the obligation of man, no matter of what nationality, to his fellow-men throughout the world. It seems to me, therefore, that nothing could be more appropriate than that at the earliest moment there should be held a meeting of the Red Cross organizations of the world—excepting those of the Central Powers, who could be given an opportunity to participate after peace shall have been declared—to consider, develop and adopt plans which should result in relieving the suffering and promoting the betterment of the peoples of the earth. I know of nothing more in harmony with the spirit of the time and more important to the future than unification in common effort for the welfare of all

mankind. Acting under the broad provisions of our charter the experience of our American Red Cross has clearly demonstrated during the war that incalculable good could be accomplished by organized voluntary endeavor not alone in war but in peace.

I feel with you that it is not only our opportunity but our obligation to place our experience and the results of our efforts at the disposal of the other Red Cross organizations of the world, and I am confident that they also are in a position to make contributions of experience and constructive helpfulness to us and to each other. I share your belief that out of such a conference as is proposed an international relief organization would be developed which must contribute to the welfare of mankind throughout the world. I am sure, therefore, that our friends, the distinguished gentlemen having responsibility for the conduct of the International Red Cross, will avail of the opportunity themselves which your plan affords, to summon a conclave which should prove inspiring and result in benefits to the world.

In your undertaking I wish you would feel that the various departments of our Government will cooperate with you, should occasion arise and that if there is anything I can do to assist, I shall regard it as a privilege.

Very truly yours,

WOODROW WILSON

Simultaneously Colonel House, who from the start had been greatly impressed with the Davison management of the Red Cross, volunteered to bring the subject to the urgent attention of David Lloyd George. His letter to the British Prime Minister, written at about the same time, follows:

*My dear Mr. Lloyd George:*

President Wilson has asked me on his behalf to bring to your attention a matter which the President regards as of very great importance. It concerns a suggestion by Mr. Henry P. Davison, Chairman of the War Council of the American Red Cross, for enlarging the scope of the International Red Cross to include peace time activities.

As you know, the Geneva Convention, under which the Red Cross organizations operate, was based upon service in time of war. It so happens that the charter granted by the Congress of the United States

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to the American Red Cross was broader than the Geneva Convention, making provision for it "to carry on a system of national and international relief in time of peace, and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other great national calamities, and to devise and carry on measures for preventing the same."

Under this charter the American Red Cross has demonstrated the possibility of doing a very large voluntary relief work for suffering humanity, and, as I am informed, other national Red Cross societies have already enlarged their normal scope of operation.

Mr. Davison submits that in view of present conditions throughout the world, and in view of the hope that future wars can be averted, there should be a revision of the Geneva Convention to include Red Cross activities in time of peace. He therefore suggests that in cooperation, the respective representatives of the Red Cross organization of England, France, Italy, Japan and America should jointly request the International Red Cross at Geneva to call a conference of the Red Cross organizations of the world, excepting those of the Central Powers, which would be invited to participate after peace, for the purpose of adopting a revised convention.

He expresses the belief that under the International Red Cross, with enlarged scope, the Red Cross organizations of the various countries—and there should be one in every country—would stimulate and develop activities in their respective countries for the betterment of mankind.

Such endeavors should include not alone provision for help in case of great disasters, but for medical research and also for such activities as the promotion of public health and sanitation, the welfare of children and mothers, the education and training of nurses, the care and prevention of personal injuries in civil life, the care and prevention of tuberculosis and other chronic diseases, as well as other activities which would tend to the continuous relief and prevention of very real and daily tragedies in the homes of peoples throughout the world.

It is not contemplated that the Red Cross will itself, within its respective country, engage in all of these activities but rather that they should encourage and develop proper agencies to do so.

Both President Wilson and I feel that there are great possibilities in this movement; that it is in harmony with the spirit of the day and that it will be welcomed by the peoples of the world as obviously its only motive and purpose can be in their common interest.

Not the least of the advantages to be derived from such a movement should be the realization, on the part of the peoples of many countries, of their obligations to their fellowmen.

Although the Red Cross is not strictly a governmental agency but rather a voluntary organization, it is clear that a moral endorsement on the part of the more important governments is essential to insure the fullest possibilities of the plan. It is the President's hope that you may find yourself in accord with the suggestion and that you will therefore delegate someone to communicate with the representatives of your Red Cross organization, expressing to them your desire that they cordially cooperate in the movement. The success of the conference would seem assured if it can be made clear that the movement has at the outset the unqualified approval and support of the governments named.

E. M. HOUSE

With this preliminary, Davison posted off to Europe again and conducted meetings of Red Cross representatives in Paris, Cannes and Geneva. Here is an extract from a personal letter written by Davison, dated at Cannes, France, January 21, 1919. In it he alludes to the Wilson and House letters and then goes on to explain his own conception of the plan:

It seems rather strange to find ourselves here with the prospect of remaining for three or four months, but if our program works out we should have a most satisfactory time. I am sure you will be interested to get a word from me giving you some rather definite idea of what I am here for. Perhaps the enclosed copy of a letter from President Wilson to me and letter from Colonel House to Lloyd George will give you a general idea.

When the armistice was signed, I realized that our emergency work was about over and that by March 1st the War Council could turn over to the regular Red Cross organization its accounting and the further work to be done. To that end, we have endeavored to strengthen the organization at home, having secured Dr. Livingston Farrand, President of the University of Colorado, as the Chief Executive. Some of us will remain upon the Executive Committee, but the general administration will be under his direction. Under those conditions, normally I should have returned to the office on March 1st, but I felt there was still one step which should be taken, or at



BUST OF HENRY P. DAVISON IN 1919  
BY JO DAVIDSON



least which should be attempted before giving up the work, and that was to get together the Red Cross organizations of the world to adopt what might be called a peace program.

The demonstration of the American Red Cross has proved beyond question the great value of an efficient voluntary organization. It seemed to me if we could get the Red Cross organization of the five powers together to develop the International Red Cross and through it the respective Red Cross organizations of the world, that it would be of incalculable good to mankind. It is not my idea that the various Red Cross organizations should carry on the work themselves, but rather that they should stimulate and encourage natural agencies to do so.

The present plan is to have a conference here of the five organizations on February 1st, with the idea of issuing a call to the Red Cross organizations of all the countries in the world, except the Central Powers, at a later date, possibly in May, and after peace is declared to invite the Central Powers.

Of course in an undertaking of this kind there are many difficulties, but with proper cooperation I can see no reason why the plan should not be successful. I am not proposing to assume the responsibility of its success and am making clear to the International people that I wish to contribute the thought and such benefits from our own work as may be of value.

The other organizations with whom I have conferred are in cordial sympathy and pledge themselves to cooperate completely. The die is not yet definitely cast and will not be until we can go to Geneva to confer there. If at that conference a call is determined upon it will keep us over here until the first of June.

There followed an immense amount of further conference, official and individual. And out of it all, in the face of critical post-War arguments and jealousies, the latter due in large part to the strain of the War itself, Davison was able to weld together the League of Red Cross Societies. With the approval and aid of President Wilson, there was written into Article XXV of the Versailles Treaty the following:

The members of the League agree to encourage and promote the establishment and cooperation of duly authorized, voluntary, national Red Cross organizations having as their purpose the improvement of



health, prevention of disease, and mitigation of suffering throughout the world.\*

With this important project accomplished, Harry Davison could well feel—as certainly his associates and the appreciative public felt—that he had fought the good fight, he had kept the faith.

He was badly worn down by the constant strain of years of administration, of travelling, of public speaking; oppressed with personal anxieties in the accident to his elder son and the constant peril to which, for months at the front, his second son had been subjected. Even then, too, he had begun to suffer from the severe headaches which marked the beginnings of his fatal illness.

Yet, though endeavoring to gain some of the rest which his family and friends were beseeching him to secure, his mind was still occupied with the wind-up of the War-time Red Cross. He was particularly interested in the preparation of his final report as Chairman of the War Council. Under the structure of its charter the American Red Cross is immediately responsible to the Secretary of War, and it was in comment upon this final report that Secretary Newton D. Baker, who

\* It was not for Harry Davison ever to know how great a fire of beneficence he was kindling in this organization of the League of Red Cross Societies which he carried through. The following extract from the 1929 annual report of the National Red Cross gives some idea of the progress that has been made:

"Its influence has been immeasurable in inspiring the general expansion of the Red Cross movement everywhere. Originally launched upon a program which experience proved to be too idealistic for the time and circumstances, the League has successfully adapted itself to its field of opportunity and has given the Red Cross of the world a leadership of very great value.

"In the past decade the number of Red Cross Societies has increased to substantially twice the number in existence in 1919. Solidarity of interest among Red Cross Societies and enhanced usefulness naturally encourage the foundation of new Societies in countries which have not heretofore been greatly interested in the Red Cross world movement. Today it is hardly an exaggeration to state that the whole world is enveloped in a Red Cross network so interlaced and interrelated that no country lies outside its reach or influence."

knew the Red Cross thoroughly and who was always appreciative and helpful, wrote to Davison late in the year, as follows:

## THE SECRETARY OF WAR

WASHINGTON

October 28, 1919

*My dear Mr. Davison:*

There is no greater romance in history than that told by the pamphlet just issued, showing the work of the American Red Cross during the war. The report itself is characterized by a restraint that after all serves only to emphasize the impressive narrative of facts, and one's imagination must supply the stories of personal enthusiasm, sacrifice and labor which went to make up this great tale. Your own part in it all was commanding and indispensable, and I am writing this to tender you and your associates my deep and grateful appreciation of the work. America literally mothered the weak and helpless of the world through the Red Cross, and every citizen of America can have a generous emotion of world citizenship in the best sense when he realizes that you represented us all in doing this splendid thing.

Cordially yours,

NEWTON D. BAKER.

This, then, is the story of Harry Davison in the American Red Cross: a story not easy to tell consecutively and clearly, by reason of the fact that the work itself had to be carried out under such pressure and interruption. It is simply a picture of twenty-two crowded months in an always eager, crowded life. Davison, as it so happened, was in war time the initiator, the director, the bearer of chief responsibility in showing to his fellow countrymen the way of mercy and effective help. In terms of figures, it took that public some time to realize the extent of ground that had been covered. When the facts finally came to them, they were filled with wonder.

In money and material, there had been given over \$400,000,000. Red Cross membership had leaped to over 31,000,000. The organization had enlisted as workers 8,100,000; had produced some 370,000,000 of relief articles; aided over 500,000 families of soldiers and sailors; enrolled over 23,000 nurses; shipped overseas and distributed over 100,000 tons of relief supplies; operated in twenty-five foreign countries; ministered to hundreds of thousands of American soldiers and sailors, together with numberless refugees and prisoners.

Statistics would fill volumes, in fact, have filled them—in reports filed by the Chairman. They can be but indications of the vastness of that outpouring, of which he was from the very first the confident prophet and the chief moving force.

It would be invidious and unjustifiable, even for those who loved him because they knew him intimately and saw him in daily action, to attribute to Davison personally—or to any other person or group—sole or dominant credit for either the integrity or the efficiency with which the vast organization of American Red Cross carried on, at home and abroad, the work so cursorily summarized above. He would be the last to desire it. He would be the first to acknowledge, to rejoice, that thousands of devoted men and women—and young people too—from top to bottom, at Headquarters in Washington and elsewhere, even to the humblest hamlets in every corner of the land and in the far-flung outposts across the sea, gave, as he did himself, their best to the service. Nevertheless, it is not too much to say that from the heart and brain of Harry Davison flowed an inspiration and a power of trained intelligence, individual, far-reaching, infectious; that what the American Red Cross became, what it accomplished in the Great War and what it has been

doing since, are all profoundly impressed with his personality; that it is richer and stronger for what he contributed as its leader during what was the most thrilling and momentous period of modern history, as it was the most absorbing and dramatic period of his own life.

Certainly, Davison's Red Cross work provides an instance where the good that he did lives after him. Seeds were sown that have grown, flourished, and year by year have waxed into greater and more extensive enterprise for relief and help throughout the world. If there be immortality in this world as well as in another, it could hardly take form more wonderful than to have the work which one does in this life become enshrined in the hearts and minds of thousands throughout the length and breadth of the land.

## CHAPTER XXI

### THE END OF THE TRAIL

HARRY DAVISON'S partners were to him not merely partners; they were intimate friends. He never could work day by day in close contact with other men without commanding their love. His own capacity for affection was so great that he was impelled to lavish it not only upon his immediate family, but upon that wide circle of friends of which mention has more than once been made. Towards them, he was ever filled with generous impulse which found expression, among other ways, in almost constant giving. He was never patronizing, but he was always keen to find out what particular desire any one of his friends might have, and then in his own way to fulfill that desire. No one ever took more of a childlike delight than he in giving or receiving a present, be the token small or large. And all his associates of the Morgan firm he regarded as knights of a round table with Mr. Morgan at their head.

In fact, from almost the first day that Davison entered the Morgan house he was on terms of comradeship, sometimes almost intimacy, with the Senior. Those princely traits of the elder Mr. Morgan, that magnificent style of his, called up something in Davison that, in his own way, was akin to it. The elder's habit of swift, incisive thought—so amply inherited by his son, who joined to it, perhaps, a more sober judgment—made answering appeal in Davison. That brief glance over people and affairs that swept within its ken

so much of man's motive, his feeling and achievement; that ready estimate of all visible factors in a situation, captivated the younger partner. Their minds were in harmony. Thus, if a matter arose upon which he wanted the elder's judgment, Davison would quickly find his way into the mediaeval recesses of the Morgan Library, come upon the Senior sunk in the depths of a huge red chair, and proceed to gain the judgment that he had come to get. Or if Mr. Morgan were abroad and the question much too complex for the cables, Davison would in the same way jump on the steamer and get his answer at Aix, or London, or wherever. The complete integrity of Mr. Morgan's thought, its sweep and daring, made Davison seek frequent contacts with it. In that way he gained far more of the elder man's mind and intent than most of the other partners of about his own age.

J. P. Morgan, Jr., who on the death of his father in March, 1913, succeeded him as the head of the house, and Davison were within a few months of each other in age. The younger Mr. Morgan had taken great satisfaction in the confidence which his father had bestowed on Davison; and when his turn came he gave him his own trust and confidence in equal measure. He did not for a moment attempt to match Davison's almost restless activity in affairs, but he consulted him in every matter of importance at the first moment that opportunity offered. During those crowded and threatening years, from the outbreak of the Great War in August of 1914 until the spring of 1917, at which time Davison closed his desk in order to take charge of the American Red Cross, Mr. Morgan encouraged and backed him to the full in all his constructive activities. If Mr. Morgan had been the ruler of a state, Davison would have been his prime minister.

This intimate relationship between Davison and all his partners was so vital a thing in our lives that our final realization, in 1921, that Harry was a seriously ill man was, to Mr. Morgan and to all the others, as though the bottom had begun to drop out of things. All through the War years, Davison had been under a serious and continuing strain. The chapters in this volume covering those hectic years have, perhaps, given some glimpse of his arduous endeavors, even though at the time he kept in excellent trim and, with his buoyant nature, made rather light of his cares. But, in late June, 1920, which was the time when I returned from a long trip to Japan and China, I found him, to my dismay, distinctly under the weather. He was seriously affected with headaches. He said that the doctors analyzed his trouble as neurasthenia, the not unnatural effect of his almost superhuman activities, kept up without intermission for so many years.

In the course of that winter, Davison spent some time in California, seeking relief in the balmy airs of Pebble Beach and elsewhere. Early in 1921, Martin Egan joined him in California and came East with him. Harry was no better; in fact his head troubled him badly and incapacitated him for any real activity. He went almost immediately to Magnolia Plantation in Southern Georgia and there, as has been described, he gathered about him his friends, for the quail shooting which he himself was unable to share.

Davison always made friends with his professional advisers, and a consultation with the physicians, surgeons and specialists took on the nature of a party; Harry being the genial host and becoming so completely entertaining that sometimes almost an hour would fly by before the specialists and the patient realized that they had come there for a purpose.

Dr. Frederick Tilney, who was devoted to Harry throughout his entire illness, was sitting with him one summer day, looking out over the Sound from the Grecian-columned summer house at the foot of the lawn. Suddenly Harry pointed out how the calm surface of the water was all alive and boiling from the antics of a school of porpoises. Dr. Tilney leaned forward with much interest.

"All my life," he said, "I have been wanting to get hold of the brain of a porpoise for research purposes, but I have had to give up hope."

Harry stretched out his hand and rang a bell. To the attendant who answered he said:

"Bring me my elephant rifle and tell them to have the motor boat ready for us at once. I am going to get the brain of one of those porpoises for you," he added to Dr. Tilney, "would you like to come along?"

By this time, the school of big fish was far away in the distance, but Davison had noted their course, and by the time the motorboat had reached Oyster Bay the party had overtaken the school. Harry, himself, though by no means in condition to undertake a shooting trip, stopped the launch, arose, waited till a big fellow heaved out of the water, took careful aim and fired.

It was at once evident that the fish was done for, and when Harry and the Doctor reached its side it was floating. It was carefully towed ashore, and the next day Dr. Tilney and his associates came with the proper instruments and secured the important specimen that they and other researchers had long been anxious to obtain.

Yet despite all this brave front, Harry had come to the full realization of the tragedy that was confronting him—this drastic limitation of the scope of his activi-



ties, this snatching away of the fulness of the life which he had lived. He could see that, perhaps, the best he could hope for was the careful life of a semi-invalid. And he was fighting hard to convince himself that this suddenly contracted sphere of his life could yet contain vital interests, perhaps heretofore unconsidered or even undreamed of. Possibly he could take an advisory part in the organization of public and private philanthropy on a more intelligent, business-like and efficient basis than had hitherto been possible. Did not the career in politics upon which his elder son had chosen to embark hold out possibilities of tangible interest for him? Might it not be that even those resources that lay in the depths of history and literature—resources that his crowded life had never permitted him to take advantage of—could be made available to bring him not only solace, but a new and important outlook that would make even a crippled life worth living?

His fight was to convince himself that such new interests might go far to bring compensation for what he was losing in strength, energy and freedom. And in this struggle, this conflict for readjustment of values, for a new approach to life, his wife was taking a very full part. Each knew the other's mind, and they were making the gallant struggle together.

Through that spring and early summer of 1921, the patient grew steadily worse. He was uncomplaining, and maintained his spirits to an extraordinary degree, but he was distinctly on the down-grade, and his condition troubled him sorely and alarmed his family and friends.

It was in August that Harry's physicians became agreed that the seat of the trouble was a brain tumor, and that the only possible hope of recovery was the removal of it. No sooner was he informed than with-

out the slightest hesitation he urged that the operation, the critical nature of which he fully understood, be undertaken at once. He gave himself only a day or two to go over his affairs, and then he went to the hospital. After a long and arduous operation, the surgeons found that the actual removal of the trouble was not then feasible. The operation, nevertheless, gave almost immediate relief, but both Davison and his family recognized that it was temporary.

During almost all the weary months from August of 1921 until late the next spring, Davison stayed at his beloved Peacock Point, and gathered even more closely about him his family, and a few of his most intimate friends. With these latter, he talked freely of his condition and of what the future might or might not hold in store. Even months before his illness had become serious, he had said to George Case, and to some of the rest of us, that, in any event, he intended to "remodel his life and not have it such a whirl of affairs, business and social, as in the past"; to have done with "The weariness, the fever and the fret," as Keats puts it. But with the inconclusive results of his operation, Davison clearly faced, both for himself and for his beloved circle, a more dubious perspective. In the *Antigone* we read:

Nothing in death is dreadful, save the fear  
Lest Death be robbed of his nobility.

In Davison's case there could be no such fear as that, because he confronted the future without misgiving,—“In bitter days the soul finds God, God us.”

George Case speaks of one talk that he had with Davison about this time “on religious beliefs and the hereafter.” “Harry believed,” Case goes on to say, “that there *was* a hereafter and that its trend depended

upon the use to which one had put his faculty and character on this earthly stage of life." While, on occasion, Davison never hesitated to be a radical in the hewing out of new pathways of progress, yet in his religious beliefs he seemed to accept without great questioning, although with modern interpretation, the faith of his fathers.

It is true, I think, that in general Davison was inclined to shun abstractions. During all the days when he was immersed in great affairs, he was, as has been pointed out, essentially the man of action. He did not deprecate or underestimate the value of scientific inquiry into economic ways and means, into causes and cures. But the methods of such inquiry were not of particular interest to him. Life, for him, was abundant. It was—as he lived it—superabundant. It spoke to him in many more ways than to most men, yet he was never oppressed with the feeling that he must be one of those to read the riddle of the universe.

Martin Egan, in his turn, tells of a brief talk which he had with Davison just prior to the first critical operation. "He began," Egan explains, "by asking me if I were afraid to die. When I told him I was, he said that he had taken the liberty of asking that intimate question of several of his close friends, and they had all said they were afraid to die. He then went on to say that if there were any advantage in feeling otherwise, he had it: he was not afraid to die. 'Death,' he declared, 'is a part of life. It is the provision of Providence, and we must all die at an unknown time.' Harry had therefore resolved, he said, to be prepared always to die and to go 'standing up and without fear.' He added: 'And then you know, Martin, it is the great adventure.'"

It might have been said of Harry Davison, as it was of Pettigru, the Charleston patriot:

Undismayed by disaster  
He faced life with antique Courage  
And death with Christian Hope.

During the months that intervened between the first and last operations, Davison's mind was considerably occupied with the idea of trying to bring about closer association and understanding between young university men of Great Britain and of America. Throughout the War, he had been deeply impressed with the belief that the struggle could be won only through the close coöperation of the peoples of the United States of America and Great Britain. At the close of the War, Davison had similar conviction—that stable peace could be attained only through the efforts of these two Anglo-Saxon peoples working shoulder to shoulder. He felt that every opportunity should be taken, to enable British youth to gain a knowledge of America, to secure an insight into the finer things which they might look for in this country and in its people. Not many years ago, Elihu Root, great American statesman, was asked what measures could be taken to bring the British and American peoples closer together. "That rests with the young men," Mr. Root replied, "youth to youth, young heart to young heart."

Davison felt, then, that effort along these lines should be undertaken, as in fact it was, by his widow and children after his death. Thoughts like these were strongly in his mind and on his lips, even up to his last conscious moments on this earth.

Through that last winter and spring, Davison continued to cling closely to his family and to see much of the wife and children who adored him. He realized

that to attempt to discuss with his partners much in the way of business matters, even though he continued to show his interest in them, was of little use. But he still took delight in his children and in his one grandchild, his elder son Trubee's boy. Youth had never bored him. On the contrary, he had been his children's boon companion, and had entered closely into their interests and activities, as they had entered into his. Even during the last weeks of his illness, he insisted that all the young life, in its vigor and joy, should go on about him, unabated. Sympathetic with his children he always was—tender, and keeping till the end the heart of youth.

In the early days of May, 1922, it was decided that a final and decisive operation was imperative. Davison himself felt this strongly, and on the night before the morrow was almost peremptory in his directions to his surgeons to complete their work, regardless of the consequences. He knew perfectly well what he was facing, but he was serene and undismayed. Before turning in for the night, he played for a time with his little grandchild, unconsciously, perhaps, clinging to this new and vigorous, young life, as his own was ebbing away.

What were the memories flitting through that vexed brain of his in those last ominous days? Was he living over again the Red Cross achievement, those days of high acclaim in his own country and in the capitals of Europe? Was he harking back to the earlier years of the War, the vast financial operations, the great flood of American commerce that he had helped put in motion? Or did his eye still light up at the thought, years before, of that heroic figure of the elder Morgan, something almost stupendous in its stature and dignity and force? Decade by decade the years were dropping away from him. Now he was that eager, young man,

just arriving in New York in search of his fortune. Back, still further back, among the hills of Troy, tramping the woods of Northern Pennsylvania; a young lad at school, full of mischief and gaiety; . . . finally, dim memories of the gentle woman who had been the mother of a little boy left lonely by her going.

That last night of his on earth, he slept an untroubled sleep, serene in the consciousness that "to a good man no evil can befall, either in life or in death." Death came about noon, on May 6, 1922.

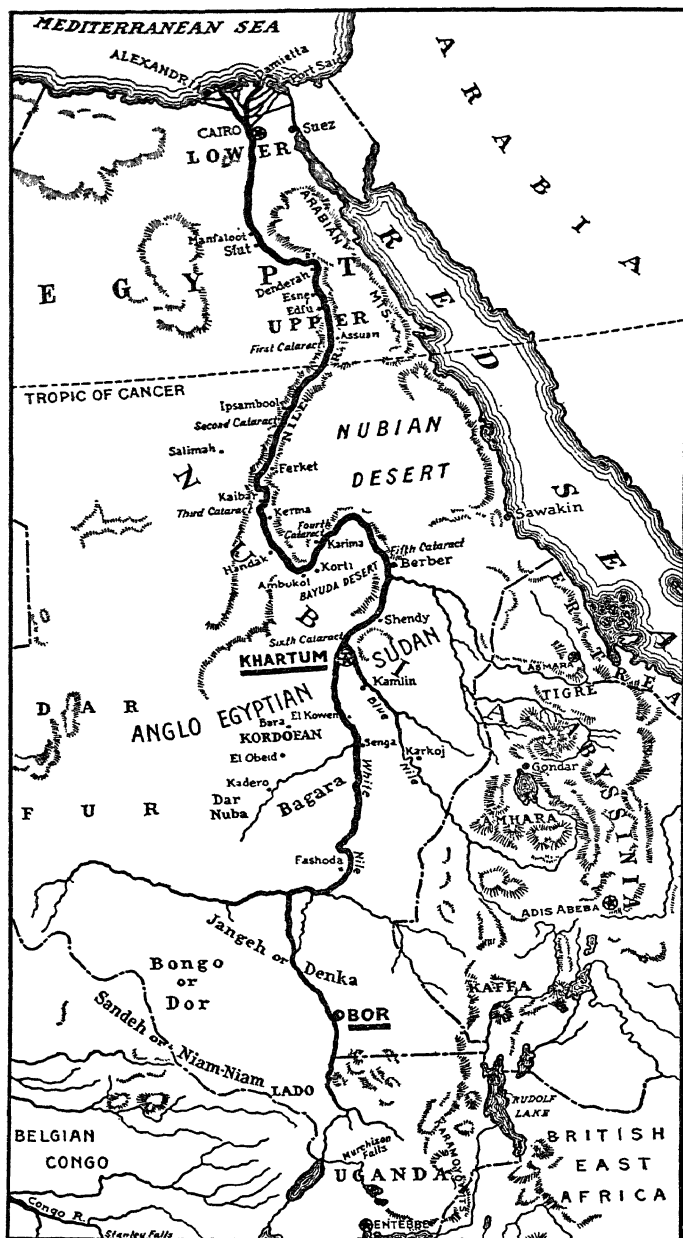
On the plain stone slab that covers Harry Davison's grave at Locust Valley, are set simply the dates of his birth and death, and then this line from his favorite hymn, so expressive of his energy, his unselfishness and his work for others: "Onward, Christian Soldiers."

"Whom the gods love die young." Surely we should never interpret those words to mean that the gods snatch away from us those who are young in years. No; for us that phrase means that those whom the gods love can never become old; that whenever they are called to the other world they are still young. So in this way the gods loved Harry Davison, just as he loved his fellow-man. For us and in our memories he will always remain young, vigorous, buoyant, hopeful, brave. "Though I speak with the tongues of men and of angels, and have not love, I am become as sounding brass or a tinkling cymbal." For all his fine mind, his upright character, his deeds of nobility and strength, love of man was the passion that ruled the heart and life of Harry Davison.



## APPENDICES





THE AFRICAN HUNTING GROUND

## APPENDIX A

This personal record, written from day to day by Henry P. Davison, was later put by its author in the form in which it now appears, his intention being that it should be privately printed.

### FORTY-FOUR DAYS FROM KHARTUM TO KHARTUM

#### *A VERY PERSONAL DIARY*

*This off-hand diary was written partly for my own amusement and partly to give my boys some account of my experiences on a big-game hunting trip. Being frankly personal, it quite naturally gives the reader little idea of the many similar experiences of my associates, both "Dan" and "Jack."*

*A few friends, who seem to have been interested in reading it, have urged me to have it printed, even as rather hastily written, claiming that it gives a vivid picture of the trip and of the country.*

*My apologies.*

H. P. D.

Left New York Saturday, January 10, 1914, Steamer "Adriatic." Kate, Frances and Dan Pomeroy, Jack Prentice and myself in party, with Edward, Tessie and Harrison as servants.

Arrived at Cairo, January 29, after stopping at Madeira, Algiers, Gibraltar, Monaco, Genoa, and Naples. Delightful voyage.

Spent four or five days sight-seeing in and about Cairo. I lunched with His Excellency, Lord Kitchener, who very kindly interested himself in our proposed hunting trip. February 5 we took the train for Assiut, where we went aboard our dahabeah "Hyksos." Had a wonderful trip to Wadi Halfa and arrived February 19. Our train for Khartum left Halfa at 2 P.M. where the girls bade us farewell, they then steaming North for Cairo.

We arrived in Khartum Friday the twentieth, at 4 P.M. Were met at the station by the carriage of His Excellency the Governor General, and taken to the hotel, which proved to be very comfortable.

February 21.—Spent the day looking about Khartum and shopping for the trip. Were delighted with Khartum, finding it a clean, prosperous town, with a well-defined British stamp upon it. Dined at the palace with the Sirdar and Lady Wingate. Had a delightful, memorable evening.

February 22.—Visited Omdurman, which we found intensely interesting. It is seemingly the Mecca for all the tribes of the deserts, and a great trading-post. Attended church at six, after which dined with Major and Mrs. Ravenscroft (*née* McLean of New York). At 10:30 went aboard the "Atbara," which was anchored just in front of the hotel, orders being to steam for the great South at daybreak.

February 23.—Maximum shade temperature  $94^{\circ}$ , as recorded by thermometer on the boat. The hour of eight found us well on our way. The day was enjoyable, and there were any quantity of duck, geese, crane and other water-fowl. Wind blew a gale in the evening, so we anchored at 10 P.M.

February 24. Temp.  $94^{\circ}$ .—We were disgusted upon awakening to find ourselves high and quite dry upon a sandbank. After vainly endeavoring to get off, a messenger was sent to the nearest village for natives to come and give us a shove. They came and they shoved but to no purpose. It was not until 6 P.M., when the "Dal" (Arthur James, Charterer) hove in sight and gave us a pull, that we got off and that not until two wire-cables had been broken. Thus twenty-two hours of our second day were spent—not a good beginning.

February 25. Temp.  $90^{\circ}$ .—Steamed all night and day, stopping at wood-station for supply of wood. Tried our Springfields here. After some adjustment of sights, found them fairly satisfactory. Saw our first hippo, thirty miles north of Kosti.

February 26. Temp.  $102^{\circ}$ .—Left Kosti 8 A.M. having reached there at 12:30 and tied up for the night. Had a delightful run, stopping about 6 for guinea-fowl. Jack got three; Dan and I none. We got between us three ducks. Steamed on about 7.

February 27. Temp.  $106^{\circ}$ .—Arrived at Renk about 1:15 P.M.; very hot. In the morning we stopped at a wood-station and while wooding Dan and I tried our legs and our rifles. We went back about two miles, saw five *Isabella* (gazelle). I shot at one three times, each time making a perfectly clean miss.

At Renk we took on our three shikaris and thirteen bearers. Jack and I walked up to the house of the Inspector, Captain

Wanhope—the hottest walk man ever took on this side! Left Renk at 6 P.M.; evening, hot.

February 28. Temp. 105°.—Steamed along, getting into game-country. Saw several white-eared cob and waterbuck. About 12 M. we ran into a school of hippos, about thirty-five of them. To us they were indeed monsters of the waters. Jack and I concluded to tackle them, so we had the felucca lowered and got in with our big guns and shikaris. The water was rough and the boat rocked so it was impossible to make a satisfactory shot. However, we stirred them up and I confess they stirred us quite as much. In fact, when they formed a semi-circle around us and came up snorting in concert, I was not very happy, and it was a relief to get back aboard the boat. I did not know then that a hippo in charging comes straight at one in the open; otherwise I would have been less concerned. I supposed he came from beneath the surface of the water under the boat and therefore could not be reckoned with.

Arrived at Kaka, at 3 P.M., stopping again for wood. We thought here to avail ourselves of the opportunity to get some evening shooting, so we ordered our donkeys and started out, one taking the right, one the center, and one the left. I had been going about a half-hour when my shikari fairly dragged me from my donkey, whispering excitedly "Gamoose! Gamoose!" (Buffalo, Buffalo) and pointing to a clump of bushes right in front of me.

Well, for really the first shot of the trip, to tackle so suddenly what is by some the most feared animal in Africa, was something of an order! However, that was what I had come for, and I saw no reason for going back. So I cautiously stalked into the thicket, momentarily expecting a situation of some kind. After a careful survey, we found our quarry had fled. I am not sure but that it was something of a relief when I realized that he had gone. We then proceeded after antelope, but had moved only a short distance when there rose another cry of "Gamoose! Gamoose!" We stalked again very quietly, but soon saw him disappear into the woods. The result of the day was some experience and no game.

March 1. Temp. 107°.—Stopped at Melut for provisions; delayed there three hours—4 to 7. Steamed on during the day, seeing little game and had no interesting experiences. Jack made a good shot at a crocodile and brought him aboard the boat: 8' 8" long. Arrived at Kodok at 7. I called on the Governor (Woodward Bey).

March 2. Temp. 107°.—Arrived at Taufikia at 9; called on

Fairburn Bey. Left at 11 A.M. Steamed all day, against head winds and swift current. Arrived at Tonga wood-station at 11 P.M.—34 miles in 12 hours. Stocked up to take us on our long journey through the Sudd.

March 3. Temp. 97°.—The country looked much “gamier” and therefore more interesting. Saw two ostriches near the bank and several antelope. Arrived at Lake Senioria at 3 P.M. and started out for a hunt at 4. Jack and Rathje (engineer or commander of our boat) going in one direction and Dan and I in another. We ran into game almost immediately after leaving the boat, but as we were out especially for buffalo, we agreed to shoot at nothing else, unless an opportunity offered for a “Mrs. Gray” waterbuck. The temptation was great as there were many fine chances at waterbuck, tiang, and white-eared cob. Dan and I had not gone very far before our shikari spied a buffalo lying under a tree some 200 yards away. We stalked carefully and finally got up to within 150 yards, when others suddenly appeared from within the clumps of bushes. We crawled up to about 100 yards from them, having a fair position behind a small tree. The buffalo by that time suspected our presence and soon spied us. At that they formed shoulder to shoulder, faced us and advanced four or five steps, stopped and then started forward again. Upon this our shikaris began to shout and wave their arms—at which the herd retreated. As, by lot, it was Dan’s shot, so it was his campaign. In view of the threatening attitude of the herd and particularly of a cow with calf, which was nearest us, Dan concluded it wise not to shoot. In this I thought he used excellent judgment. He decided, however, to follow them, hoping for another opportunity; but we could not overtake them.

On our way in, about 6:15, as were we stopping for a moment a cry of “Assed! Assed!” was raised, and there within 60 yards of us was one of the Kings of Beasts springing through the long grass. We could see him only as he sprang through the air and not when on the ground; and as our shikaris had our guns, we could get no shot. When I realized that I had really seen a lion on his native heath and in fact had nearly stepped on him, I was a bit excited. We at once grabbed our guns and formed a line with our men to beat the grass in the direction he had gone, but without avail. The Governor of the Province, “Old Sol,” said it was time to close up, so we went in without game.

March 4. Temp. 98°.—Arose at 5 A.M., and got away for hunting at 5:45, just before daybreak; weather comfortable. Saw lots

of game, but found it some work to stalk them; got two white-eared cob and a waterbuck, returning to boat at 10:30. After luncheon rested and went out at 4 P.M. Met several natives (vultures) and had an interesting afternoon. Returned at 7 with two more white-eared cob, making my allotment 4.

Total bag for the day—

Dan	3 White-Eared Cob
Jack	1 White-Eared Cob
H. P. D.	4 White-Eared Cob
	1 Waterbuck

9 trophies first day.

March 5. Temp. 100°.—Started out at 5:40 A.M. Fine day for hunting. We each took our luncheon expecting to spend the day, Dan going east; Jack north; and I west. We hoped we might get a chance at the mighty and greatly respected buffalo. I had not been gone from the boat more than two minutes before I met game, but I told my shikari that I was keen for buffalo, and did not want to stop for anything else save a Mrs. Gray and a waterbuck. As I went on it seemed as if I was walking through a park—the country being attractive with splendid cover, with animals and birds on all sides. Soon I saw a herd of waterbuck and could not resist the temptation; so I picked two whose heads I thought good and was lucky enough to drop them in their tracks. As I had two bearers with me I sent them back with the heads and then was off for buffalo only. About 10 o'clock we spied a herd quietly resting under some trees. We stalked them but they got our scent and loped away. We picked up their tracks and followed on for about half an hour when we overtook them again, resting quietly. We had a long approach on our knees and stomachs, finally reaching an ant-hill behind which we could get a fair view of them. My shikari urged me to shoot at once; but I concluded to take my time, get my target, and then fire. It seemed a long time before I could see any of their heads, and when I could I was able to see little else. Finally a good-sized bull took two or three steps forward and gave me a fair shot—about 120 yards away. I confess I was pleased to see him drop as I fired. I then had the satisfaction of having killed a buffalo and was really delighted. The usual length of time was taken in the removing of the head and hide and then we were off for the boat, about three miles distant. I was quite ready to return, although it was only 10:30.

We had gone about a quarter of a mile when we spied another

herd and off for them we bounded. The stalking was not as difficult as with my first, but it was not easy—in fact, no good hunting is easy. There were about fifteen in the herd; they were also quite hidden by trees, and I had great difficulty in getting a good look at them, to say nothing of a good shot. After advice from my shikari, and with the best view I could get, I selected one and fired. They were all away in a jiffy. We had followed but a short distance when we overtook them. I thought one of them acted strangely, so picked him for a shot. He fell and proved to have been the one to receive my first shot. Two in one day was quite enough for me. Just as I was again starting for the boat at 11:20 I saw Dan's shikari in the distance and hailed him. He said Dan was not far away, so I told him to go and ask Dan to come to me, which he did in about a half hour. Dan had seen nothing, so I told him of this herd, giving him their tracks and returned to the boat, a tired but happy hunter, wishing for no more hunting that day—my bag for the morning being two waterbuck and two buffalo. I was greatly disappointed to find Jack at the boat with no bag, and greatly delighted to see Dan coming in about 3:00 P.M. with two beautiful buffalo of the herd I had shot from.

The day's bag was—

Dan	2 Tiang	
	2 Buffalo	
Jack	1 Tiang	
	2 White-Eared Cob	
H. P. D.	2 Waterbuck	
	2 Buffalo	making 20 trophies in our first two days.

March 6. Temp. 98°.—As Jack had no buffalo we concluded to remain at Lake Senioria another day. Dan to rest, Jack to go for buffalo, and I to do whatever suggested itself. About 10 I decided to go out for hippo. At 11 I had a shot at one and missed him. In a few moments I had a shot at another as he raised his massive head to the surface of the water. As my bullet made no splash I knew I had hit him. He of course went down and there was nothing to do but await developments. True to the nature of the beast, he showed his back on the surface of the water just three hours later. We went out and towed him to shore. Such a beast,—a monster. The natives—Dinkas—hovered about him like the ravishing dogs they are; and when the word was given, in they jumped with their knives and soon made

the place look like a slaughter-house—all fighting over each piece of meat and bone, the women standing by to divide the spoils. They welcome a shooting-party and gladly point out the game as it means meat to them.

The bag for the day was—

H. P. D.	1 Hippo
Jack	3 Buffalo

as he had just come in with three fine specimens after a long day.

We are now off for the Bahr-el-Jebel en route to the far, or rather farther, South. On the way out we struck two hippos who gave us a good jar, as to which we reciprocated full measure in kind, judging from their vociferous grunts.

March 7. Temp. 94°.—Steamed all night and in the morning found ourselves going “through the Sudd,” which means growing papyrus, and miles of it, on both sides. The river is about two hundred yards wide along these parts, and is very charming, winding in and out through the papyrus, which is very beautiful to look at, but very, very unattractive when one contemplates a stalking trip through it. About 9 o’clock a fine herd of the much coveted Mrs. Gray waterbuck was seen on the east bank, so we immediately tied up for a trip to get them. As we matched for choice, and I was the lucky one, it was my first, Dan’s second, and Jack’s third chance. Dan followed me and Jack took the right end of the herd. After stalking some distance we got within range and I shot, making a bull’s-eye, as the buck dropped in his tracks, having been shot through the heart. I was of course pleased as the trophy is the prize of the Sudan, but one specimen being allowed each hunter. Dan and Jack were less fortunate, as the others were in an instant gone like the wind, affording no opportunity for a second shot.

A bit further on we spied another herd on the same bank. Dan went out for them, but was unsuccessful, being unable to get within range. About 11 o’clock we saw our first elephant—spying a large herd in the far distance on the west bank. They looked more like houses than animals—they were such enormous beasts. The rest of the day was uneventful.

The bag was—

H. P. D.	1 Mrs. Gray Waterbuck
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March 8. Temp. 95°.—Steamed during Saturday night and through the forenoon without event. The day was delightful; in



fact, the further south we got the more comfortable the weather. The river is now about 100 yards wide lined on either side for five or six hundred yards with papyrus—it seems like an endless sea and although in itself beautiful, one gets very tired of it, particularly when steaming so slowly. We made about four and one-half miles an hour against the current which became stronger the further south we went. The table continued good—the service very good—and with the comfortable nights and no mosquitoes or flies, the trip is certainly a comfortable one. We have now gone three days without meeting a steamer and of course never seen anyone. It would indeed be a desolate and helpless place in which to have a break-down.

Soon after luncheon as we were steaming by a small lake opening off from the river, we saw two of the largest living creatures we had ever seen or dreamed of. There stood on the edge of the water facing us two big black elephants, the size and appearance of which really staggered us. They were none the wiser by reason of our presence. After watching them a while we steamed on. Later in the afternoon Jack saw in the papyrus on the bank an animal which was unlike anything we had seen. He disappeared, but we stopped the boat and studied the bank with our glasses. We soon sighted a Mrs. Gray in the distance, and as it was Jack's turn he concluded to go after him. In going through the papyrus he started up the animal which he had first seen and it gave one jump. Jack could not see it; but Dan, who happened to be in a good position with his rifle, saw it and made a flying shot. It certainly was a wonderful piece of work, as the animal, which proved to be a beautiful sitatunga, was found stone-dead, the shot having raked it from stern to stem. So far as the records show, it is the only sitatunga shot in the Sudan by a member of a shooting-party—others having been shot by engineers or army officers. Jack went on for his Mrs. Gray and brought him back—a good specimen. We then steamed on.

The bag for the day—

Dan	1 Sitatunga
Jack	1 Mrs. Gray

March 9. Temp. 98°.—Steamed all night and found the country quite as before, there having been no change in character since we entered the Jebel. The day was uneventful until about 11 o'clock when the lookout called: "Feel! Feel!" ("*Fi!*" in Arabic). The boat was stopped, and there within 30 yards of us were five

elephants. They were just inside the papyrus, which stands about fifteen feet high, so that one could not see the animals if on foot or in a rowboat. But from the top of our steamer we could look down into the grass and papyrus. There was one bull and four cows. They soon scented us and concluded to move on. We could easily have bagged the bull, but it is against general orders to shoot from the boat and, ordinarily, unsportsmanlike as well. The rest of the day was without incident and quite the stupid day of the trip. No bag—no gun fired.

March 10. Temp. 97°.—Steamed all night; morning bright as usual. While at breakfast we heard the lookout cry: "Feel! Feel! Feel!" We rushed to the bridge and saw immediately in front of us, at a turn in the river, a herd of about fifteen elephants. They were feeding on the edge of the papyrus and soon worked back about three hundred yards from the bank. The country was so bad on account of the papyrus and tall grass that we could not get near them; so on we steamed. The rest of the day was uneventful.

No guns fired.

March 11. Temp. 90°.—Steamed all night, and at daybreak stopped at Kilo 453. The Jebel is measured from its confluence with the Bahr-el-Ghazal in Lake No, where it becomes the White Nile, south to about Bor, being marked by numbered signs every five kilometres. At times I wonder whether the signs are put there for any purpose other than to prove to one that he has at some time been preceded by a white man. At any rate they somehow are a bit reassuring.

Dan and Rathje went off together in one direction, while Jack and I joined forces in another. Waterbuck and tiang were plentiful in sight of the steamer, but as we were after buffalo we paid no attention to them. After walking about three miles we saw in the far distance under some trees a herd of the big beasts. We immediately struck our stalking gait. The wind being unfavorable we had to make a long detour before we could begin to approach them; and when we could it was a hard, long crawl. Finally we got up to within about 120 yards; we then concealed ourselves behind an ant-hill, and through our glasses looked over the herd. There were about one hundred in the bunch. They were resting, some lying down and some feeding. Several cows had young calves, which is (or should be) due notice for caution to the hunter. As by lot it was my first shot, I selected what looked to me to be the best bull-head in the herd—Jack also making his selection, in

case of opportunity to shoot. I fired. They all jumped, stampeded in every direction, could not get our scent and so were off.

It was apparent that one was wounded as they had gone but a short distance before one dropped out. He romped about in mad fashion for a moment and then stood still, head down, ready to charge. I shot at him and missed. I shot again and hit him. Through the glasses I saw that he was very sick. We went closer to him, but very cautiously, and I shot again, missing him clean. Another shot and he went down, and another bullet finished him.

I confess to great delight when I saw that I had a particularly fine trophy, and in view of my apparently poor shooting was somewhat relieved to learn that my first bullet had really done the work, as he was mortally wounded by it. It had gone through the shoulder into his vitals, and just where I had aimed.

In about five minutes Dan and Rathje came up. It seems that they also had spied the herd and were stalking them from another angle. They were surprised indeed when they heard my shot and found us there before them. The head measured 37 inches across. Dan and Jack followed up the herd hoping to get another shot, but they were unable to do so.

We reached the boat about 3 p.m. Dan brought in a reedbuck and Jack a waterbuck. We then steamed on. About 4 we noticed some excitement a short way back from the river and at once became curious to learn what was going on. It first appeared to be a herd of antelope of some kind, but they acted strangely, disappearing, then re-appearing—at times two or three in sight, then twenty. Our second impression was that they were large dogs, but upon closer examination we found them to be a troop of baboons apparently holding some kind of a council. The last we saw of them they seemed to be arguing as to a position on an ant-hill.

The bag for the day was—

Dan	1 Reedbuck
Jack	1 Waterbuck
H. P. D.	1 Buffalo

March 12. Temp. 95°.—Steamed all night and arrived at Kanisa, the wood-station, about 12 m. The country through which we passed looked very gamey, but we saw nothing save tiang and waterbuck. We spent two hours in wooding and then proceeded, taking with us two Dinkas who said they could put us on buffalo a few miles up the river. We stopped at 5 p.m. when Jack and

Dan went out, I having completed my buffalo bag. They returned, Jack having seen five buffalo, but too late in the day for him to see to shoot. He brought with him a waterbuck. Dan came in later with the same tale as to buffalo. He also saw six giraffe and one baboon.

Bag for the day—

Jack            1 Waterbuck

March 13. Temp. 101°.—Having been tied up for the night, we got away at daybreak with two lookouts, as we were in an elephant country and wished to devote ourselves strictly to that quarry. About 11 in the morning at Kilo 533, west bank, we saw a fine-looking herd of buffalo quite near the river, and as it was Dan's shot and he was keen to complete his buffalo bag, we decided to tie up while he went out for them. The wind being a bit unfavorable, it necessitated a detour of some distance. Jack, Rathje and I sat on the top deck watching the buffalo and also keeping sight of Dan and my shikari, who went with him, as his man had complained of being ill. He also took Mohammed, the First Suprigi, and a bearer. We were much interested in watching the proceeding, as we had a fine view of both the seeker and the sought. They seemed to us to make slow progress toward the buffalo, so much so that we began to wonder what had happened.

Finally Rathje said, "I think they must be stalking some other buffalo, as there is another herd just on the edge of the forest." Through our glasses we could see some black objects under the trees near the edge of the woods, but not distinctly enough to make them out. Suddenly Rathje exclaimed, "That's a rhino!—there's another, and another!—there are one, two, three, four, five, six, seven rhino."

We (Jack and I) put our glasses on them and were thrilled with the sight. We could just see the outline of these big beasts. They looked to us very large and very black. We were especially excited in seeing them, as we had given up all hope of getting rhino in that part of the country, understanding that they were only to be found in and about Shambe. Just at that moment I heard a noise behind us, and looking around saw two hippos on the bank back of us not fifty yards away—big beasts they were and apparently only concerned to understand what we were doing in their territory. They did not hold our attention long, as the scene in front was quite too exciting.

As we were exclaiming about it all, Rathje remarked: "If you

are not content, you might look a bit to the left of those rhino and see that lone bull-elephant standing under that tree." This we did. In one glance to see about thirty buffalo, seven rhino, two hippos and an elephant, to say nothing of several antelope, convinced us that we were indeed in a land of game.

To get back to Dan and his stalking, we concluded that he had seen the rhino and was going for them, so we sat still (*i.e.*, still as we could under the circumstances) and awaited developments. Soon we saw the herd of buffalo break and rush away, two cripples halting. We knew then that Dan had not seen the rhino, but had taken his time in approaching the buffalo. After Dan's shot the herd of buffalo stampeded in the direction of the rhino and started them off to the south. Instantly we took in the situation. Jack and I, having our boots and guns ready, jumped for the shore for the rhino, taking with us Jack's shikari and bearer, my bearer, and boy. The wind made it necessary for us to go far to the south of them.

As we went on I believed we had gone quite beyond them and thought we should change our course, but said nothing, relying upon the shikari. The country was a bit rough but very open, save for ant-hills, of which there were very many. We were moving along in single file behind first one ant-hill and then another, as is the custom in stalking, Jack's shikari in front carrying his .450, my man next carrying my .465, Jack, myself, Jack's bearer with his .30, and last my bearer with my .30—we taking that order as by lot it was Jack's first shot.

Suddenly and without a moment's warning our men turned, shoved our big guns at us and yelled "Shoot, shoot, shoot!" We saw nothing, and Jack jumped to one side of the ant-hill just in front of us and I to the other, just in time to see four huge beasts, not forty yards away, bearing down on us at a gallop. Jack, who was a little ahead of me, immediately fired. His animal dropped. I fired; mine went on, his course slightly changed, but behind were two more coming at what seemed a fearful speed. We both shot at the third and then dodged behind the hill. We saw the one we had both shot go down, but there was still the fourth.

He charged by us at full speed, went about thirty yards, turned, and came back. By that time we had reloaded, and, what was quite as much to the point, being near an ant-hill, we dodged his return. The beast went but fifteen or twenty yards beyond us and stopped by the first rhino killed. He surveyed the situation,

stood stock-still for perhaps a minute, then shook his head, took a jump towards us, stopped, went back to the dead animal; and, after repeating this manoeuvre three or four times, settled himself by his former companion.

After perhaps twenty minutes in this position, we both held our rifles at "ready" and slowly backed away, hoping we could avoid a further charge and, therefore, the necessity of shooting him. We were each entitled to one rhino and had succeeded in getting it. We were able to get back perhaps forty yards to another ant-hill without disturbing him and we then had an opportunity to congratulate each other, which we did without stint. As we were then in a position where we could move and look about a bit, one can imagine our surprise and, I confess, our satisfaction, at seeing a third beast lying dead just beyond the ant-hill which was nearest us when we shot.

My .465 had done its work on the first one, he having dropped dead from the one bullet. Notwithstanding our right to shoot but one each, we were pleased to have the trophies, as they were shot under charge and, therefore, necessity. After having again congratulated each other over the greatest good luck and—as we thought—good sportsmanship in making so good out of what seemed at one time to be such a bad situation, we then discussed our fourth friend still standing in the open near one of the others.

It soon occurred to us that as Dan had a license to shoot one, it was but fair to give him the opportunity. We therefore sent one of our men post-haste to the steamer for him to come out to us at once. We then sat down for about one half-hour, when it was suggested that we might back around and look at the other two rhinos, which we were keen to see, as is any sportsman keen to examine his trophy. We looked them over and were exultant over the result of the day, and then sat down awaiting Dan.

In a few moments I went over to one of them again, and the thought suddenly struck me as I looked at his upper lip, "Can this possibly be a 'white rhino'?" Then I put the question to Jack. He jumped up and we looked, and to our great surprise concluded that both must be. We had shot three instead of two, but were thankful we had not been obliged to shoot four instead of three.

After about an hour and a half Dan and Rathje came along with guns at ready, but we whistled and called to them not to shoot, but to come to us, when we told them the story. It was indeed tough on Dan not to be able to take as a trophy the great white

rhino standing there, but, of course, it was out of the question. The problem then was what to do with our friend, who was in complete control of the situation, guarding as he was our trophies.

While this matter was being considered, I sent for the taxidermist. He started to come, but became alarmed at seeing the rhino standing in the open and declined to join us, beating a hasty retreat for the boat. The skimmers and bearers came on, however. After their arrival our first business was to part company with his surviving majesty, which seemed less easy to do as the afternoon wore on. We had shouted, fired in the air, shot under and over him, but to no avail. He evidently had made up his mind to stay by his old associate. I confess this experience had a pathetic side which will not be the one most easily forgotten. However, having gone thus far, we had to complete the work. After considering many plans of getting him away, Dan made the brilliant suggestion of using a shotgun, so we promptly sent to the boat and got my Winchester repeater. We then formed a line, about thirty of us—I in the center with the shotgun, Jack and Dan on opposite sides with their big guns—and approached to within about forty yards. I shot him in the hind quarters. He jumped, but again stood motionless. After several repetitions of this, we got him started and followed him, shooting each time he would slacken his speed until we had him on a run and then he disappeared.

Dan showed us a fine pair of buffalo heads as the result of his morning's work.

Bag of the day—

Dan	2 Buffalo
Jack and H. P. D.	3 White Rhinos
H. P. D.	1 Waterbuck

March 14. Temp. 101°.—We left our moorings at daybreak, expecting at each turn of the river to see elephant. In this we were somewhat disappointed. The grass along the river bank was quite green, indicating a recent rainfall; which would account for the absence of elephant. Rathje said that the month previous the country was much more parched than now. However, during the day we passed three herds, all of which were quite near the river, but all in a nearly impossible country; so we passed them by, not feeling desperate enough as yet to undertake the stalk under such unfavorable circumstances.

About 3 p.m. we met the Post boat bound north. It brought us

little information, but some salt and bananas, which were more to the point, as our fresh fruit disappeared several days ago. We hope to stock up at Bor, which we should reach early tomorrow. Our lunches and dinners continue very good and enjoyable, but our breakfasts are a little disappointing, save when we can get liver and kidneys from some of our bag. It is most curious and interesting to see the meat, whether of one or of five animals, disappear the minute it touches the boat. Everything seems peaceful until the meat is brought on, whereupon comes a scramble, fighting, yelling, and a general brawl until every piece has been allotted—and then a general subsiding. We tied up for the night at a point where we saw and flushed a large herd of elephant, hoping for a shot in the morning.

No guns fired.

March 15. Temp. 95°.—Breakfasted at 5:30, finishing in time to see the sun rise and survey the country. We soon saw a herd of elephants, perhaps fifty, not very far from the river, but in a most forbidding country; so after consultation we proceeded. About an hour later Dan spied two hippos walking along the shore, so he and Jack, waiting their opportunity, both fired, using the hard-nose .465. Dan's dropped dead, and Jack's was soon finished. We stopped to get the hide and tusks and then proceeded. We arrived at Bor about 3 P.M., having passed three herds of elephants just north of it. In one herd there must have been three or four hundred elephants. No one could ever have imagined such a spectacle: it can be appreciated only when seen.

We are learning all the time by our experiences, and one of the things we are beginning to appreciate is the intelligence and cleverness of the elephant. It was difficult to understand how one could see so many elephants and yet not have an opportunity to get one or more of them. The fact is that they may be within two hundred yards and yet as safe as if distant as many miles. They work in and out of the tall grass and papyrus, but always in such a manner as to be protected either by bunches of grass or by water. They seem never to lose a trick. The country is now so dry that the herds are living in the swamps, and as a result our elephant-hunting is made much more difficult.

Upon arrival at Bor we were met by Mr. Brooks of the Telegraph Department. He told us of a herd not far back of Bor, so off we trekked, but only to return after a stiff four-hours' walk, wiser, hungrier and tired.

No bag.



March 16. Temp. 98°.—We started to steam away from Bor at sunrise, but found our bow almost submerged and our wheel quite out of water. It took but a minute to ascertain that we had sprung a leak and that our hull was filled with water. Plenty of men, and as many buckets, together with the pumps, enabled us to proceed until we should conclude to tie up for some shooting, when the leak could be mended. About 1 o'clock a herd of elephants was spotted about fifteen miles south of Bor. They were in two groups. As it was Dan's choice, and therefore his expedition, he decided to take Rathje and go for the ones in the west, suggesting that Jack and I try for the others, about two miles away to the south. Jack had his .450 Holland and his Springfield, I my .465 Holland and my Springfield.

We had a long hard tramp, the hardest and most tiresome I had taken. We walked through the burned cane, which is exceedingly rough and frightfully dusty. The wind was unfavorable, so we had to make quite a detour. Finally we came upon the herd, or at least within three hundred yards, and proceeded to look them over.

As this was our first real elephant hunt, we were both very keen, and I think somewhat excited. As one approaches one of these—what Roosevelt calls "an earth-shaking beast"—his feelings are quite indescribable. The creatures are so perfectly tremendous, powerful and awe-inspiring that you feel entirely at their mercy, the hope being that they do not realize their own power and that when you disturb them they will prefer to leave you rather than come your way. Our shikaris said they were all females, and furthermore that one or two of the herd had seen us. When I asked Mohammed what the shikari said he replied, "They say he see we." This I did not believe, as I am sure an elephant can see but a very short distance. There was evidence, however, that they were becoming a little uneasy. After being told they were females, we almost concluded to retreat; but it occurred to us there might be in the herd others we had not seen, so we moved up toward them, stalking either in the long grass or behind ant-hills.

When we were within about one hundred yards, our shikaris became greatly excited and told us there were two good bulls in the bunch. As Jack had the choice over me, he led rapidly, I right behind him. As we passed the next ant-hill there the two bulls stood, about sixty-five yards away. Jack fired immediately, his first and then his second barrel.

I called and asked him if I could shoot, as I had a wonderful broadside at the other monster, but he said "No." It was a great disappointment to me, but he had the right to decide and I respected his decision, as his elephant was not down, but stood there stock-still, the rest of the herd having rushed in the opposite direction from us—the Lord be praised! Jack gave him two more, then he turned and faced us. Jack exclaimed "He's coming." I asked if I should fire, and he said, "No; I want you to stay 'at ready.'" I said, "Give him one between the eyes!" He did. Nothing doing. Then another, and down he went!

It was a great moment, that. To see such a monster fall was an experience I shall never forget.

We took an account of him and found him to be a fine specimen, with short heavy tusks, how heavy we did not then know, probably about sixty pounds each, a wonderful trophy.

After our excitement had somewhat subsided, Jack seemed to realize my disappointment in not shooting, and could hardly say enough to express his regret. Though disappointed at the time I fully believe his judgment was good and his decision right, for it would have been very unwise for us to have had two wounded elephants before us at the same moment.

At that juncture one of our men mounted an ant-hill to see where the herd had gone. He spied another herd not five hundred yards away, so off we started for them, I in the lead, a bit keen to try my mettle. The approach was very difficult, being through the detestable long grass. Soon we arrived where I could get a fair view of them, and was delighted to find the one at the right to be a bull. It was a long shot, about 120 yards, but the best I could get, so I gave him both my right and left. In less than three seconds the herd were bunched together so that one could get no idea of any particular elephant—their trunks raised, their tails twisted, and their attitude altogether threatening.

It seemed to me just thirty days before they decided whether to come for us or go in the other direction, and great was my relief at their conclusion to take the latter course.

I knew that I had put two mighty bullets in that gigantic frame and well forward, but I also knew that my elephant was gone. Great was the cloud of dust in the air as the army moved off, and greater the din of the crashing reeds, but soon it stopped, and then we heard one awful roaring groan. At this my shikaris danced for joy, being sure my elephant had gone down.

We followed a short way and saw the herd about three hundred

yards away. This confirmed his belief that the elephant had gone down, as otherwise the herd would have moved farther. It seems that if one of their number is injured the others will stay about him, and if in danger will help him to a place of safety.

It was getting dusk, and I realized that my time was short for the day's sport, but there they stood, all bunched together. To move them I fired a shot in the air. But it was not very effective, as they moved only a short distance. As the sun had set and there is no twilight in this country, I had to be content to wend my way boatward, hoping and confidently expecting to find my elephant awaiting the skimmers in the morning. We found Dan had been unable to get near his herd, as they were in a swamp. This, our first day's real elephant-hunt, was a thrilling and, I think, very successful one.

Bag for the day—

Jack            1 Elephant

March 17. Temp. 99°.—After a good night's rest and a 5:00 o'clock breakfast, Jack and I, with our shikaris, went up on the bridge to scan the country, hoping we would see our herd in the same place; or, if not, that my elephant would mark the spot. But alas! we saw nothing, and a great wide expanse of it.

The disappointment was keen, but I did not give up hope that I might track him; so off we started and soon picked up the trail of the herd, which we followed for some time, seeing no hopeful signs. We then took an observation from the top of an ant-hill, and in the far distance saw a lone elephant. This gave us much hope, as our men knew a lone elephant meant either a wounded elephant or a "rogue," so we abandoned the track of the herd and made off for him.

The going was a bit rough, but we made good progress, and after another observation from an ant-hill we found that we were not over five hundred yards from an enormous bull, much larger than the one I had shot. When I got a good look at him I made up my mind he must be mine if I had to follow him for a week. In about ten minutes we were within shooting-distance (*i.e.*, for a long elephant shot, about 120 yards), but to my dismay I found him moving—not rapidly for him, but much too fast to suit me. We made a dash under cover of grass and brought up about 100 yards from him, he being broadside on. He was partially screened by a fringe of grass, yet I could see him plainly. I opened on him with my right of the .465, and then gave him the left. At this

he turned. I told Jack to shoot while I was reloading, and then I gave him two more.

At this he turned head on and started. It is perfectly ludicrous to try to describe the oncoming of a wounded elephant. A locomotive would look like a toy alongside. We both realized the full significance of the situation and what depended upon each of us. By that time both our guns were again loaded. Mine was up at once, and I cried, "I'll give him two between the eyes." I fired one, but on he came like a racehorse, bearing down upon us, as he was on an incline, and we in the open in a slight hollow. I gave him my left, which stunned and checked him. I cried, "Give him two, Jack!" Jack did, both full in the face, the results of which turned him. He gave about five jumps to the right, and then stopped.

We ran to get him broadside, and found ourselves in a better position. From his actions I knew then that I had him. In order, however, to make assurance doubly sure, I gave him six solid Springfield .30's, then two more .465's, and down he went in his earth-shaking fall.

The realization of having killed an elephant and such an elephant was quite more than I can describe. Perhaps the camera will afford some idea of the beast. I hope so. I did not then know the size of his tusks, by which the trophy is measured, but they seemed large to me.

In the afternoon Dan and Jack went over to the other bank of the river for antelope, but I concluded to spend my afternoon getting a bit rested after the excitement of the morning.

Bag for the day—

Jack	1 Waterbuck
Dan	1 Waterbuck
H. P. D.	1 Elephant

March 18. Temp. 98°.—As the men were unable to get my trophy in before dusk, we remained, giving them the early morning. We then got away, steaming up the west channel about an hour, when we saw two herds of elephants quite near the river, but in very bad country.

As it was Dan's first choice and Jack's second, they went out together. They had a hard approach, but finally got in range. Meantime the other herd had moved closer to them, so they found themselves quite surrounded by elephants. The situation from the steamer did not look a bit nice, as in case of a stampede it

would have been very trying to say the least. It was not long before we heard two shots and then two more; and soon after that Dan came in with the tail of his quarry.

We gave him a warm welcome, as his victory made us feel that our trip was then a success. We each had our elephant, which meant much to any one who had never before hunted them. The hunting of elephants is certainly the king of sports, most exciting and nerve-requiring.

After Dan had shot, Jack saw what appeared to be an enormous bull in the herd, so he concluded to devote himself to him. He hunted him about two hours in the afternoon, got one shot at him, but it was a chance, and also an ineffective, shot. We then decided to spend the night and see if the same herd would be in sight in the morning.

Bag for the day—

Dan            1 Elephant

March 19. Temp. 101°.—We were all up at sunrise and greatly pleased to find the herd near the river bank not very far, perhaps a half-mile, from the steamer. So Jack and I started for them.

While as a matter of right it was my first shot, we all wanted Jack to have a chance at the big bull, so we proceeded with that understanding. We found little difficulty in getting up to within about 80 yards. The herd were well lined up, feeding side by side, facing away from us at an angle of perhaps 45 degrees.

We had no more than reached the point where we could see them than they began to move. We had to act quickly. Neither Jack nor I could see the big tusker we each had well marked, so, it being my turn, I shot. The right and left of my .465 dropped my animal, and with his fall my elephant bag was full, I having killed two, the number allowed under my license.

He was of only fair size when compared with my other. However, I am more than delighted and really greatly relieved to close the chapter of elephant-hunting, exciting, alluring and attractive as it is.

We returned to the steamer, where we had been but a short time when we saw the same herd on the edge of a swamp all bunched together stern to stern, thus enabling them to get the wind from every quarter. Jack could not resist the temptation to try again before luncheon, so he made the attempt, but could not get near them on account of the tall grass and swamps. It seems very strange that a herd of twenty to thirty elephants can be

within 1000 yards of one, apparently in the open, and yet be absolutely out of reach or range of approach. We rested a while after luncheon, hoping they would change their position.

There is an old sheik living near this point on the bank who is quite a famous character, a sort of Daniel Drew, one upon whom a knife or an axe might easily be sharpened. He came aboard and with him came his soothsayer. After making known to him Jack's fruitless endeavors to get near the herd in their present position, he said he could arrange the matter without trouble. So the soothsayer was told to communicate with the elephants.

He took a piece of dry meat in one hand and a bone in the other, moving them about his head and shoulders, at the same time alternately rising and sitting and crying aloud in strange tones, high and low, frequently emitting a wail. After seeing him go through this ceremony for several minutes we asked the sheik through our interpreter what it meant. He said the soothsayer had told the elephants to come out of the swamp on to the dry land. The sheik then told Jack to follow him, as he knew a way through the first part of the swamp.

Jack obeyed orders, while Dan and I, with our glasses, sat on the top deck curiously awaiting developments. We saw Jack and his party, led by the sheik, wind their way in and out and finally stop.

Then they waited perhaps ten minutes, when to our astonishment the herd began to move, and not only in their direction, but the big bull, which was then sixth in line, worked his way to the front and led them out. On they worked until within about fifty yards from the party, when we heard two shots, and then another, and saw the giant fall, and a great fall it was.

I am only stating facts and not dealing with conclusions. Suffice it to say, the performance was a wonderful exhibition with great results and handled by Jack in a masterful, sportsmanlike manner.

As Dan's elephant trophy was especially good and we were all a bit keen to get into the roan country, he concluded that he would prefer to move on and decide later as to whether or not he would go for a second elephant. In this I thought he used excellent judgment, and further confirmed his reputation as a true sportsman. We ordered the men to get a good start the next morning in order that both Jack's elephant and mine could be de-tusked early and we proceed down the west channel for roan.

Bag for the day—

Jack	1 Elephant
H. P. D.	1 Elephant

March 20. Temp. 94°.—The men left for the trophies at 5 A.M. and were back at 11:30, when we turned the bow of the "Atbara" north for the first time since February 23. She was not to be headed in that direction long, however, as we soon reached the east channel and started up it, steaming until 3 P.M., when we tied up to the bank and arranged for our afternoon shoot. Curiously, the character of the country on the east bank is as different from that of the west as if they were a thousand miles apart; the west being swampy and desolate to look at, while that of the east is dry and hard, with an almost continuous forest of thorn, palm and scrub trees.

For the first time since leaving Lake Senioria we could use our donkeys, but we concluded not to take them in the afternoon. So we each started out for a leisurely hunt, hoping to get roan. We found the country alive with gazelles, mostly Rothschilds, bushbuck, reedbuck and waterbuck, the roan frequenting the country five or more miles back from the river. We saw lots of tracks of all kinds—elephant, lion, giraffe and zebra. I was much amused to watch a troop of baboons, I should think thirty in the group. They surprised me by their size. I at first thought they were antelope. On getting nearer I had a splendid opportunity to watch them. My shikari asked me if I would shoot one. I told him that I would if I could get a very good specimen; so later he presented the opportunity, when I raised my gun—then lowered it. Whatever else I could do, I could not shoot one of those curious beasts. I am glad I could not.

The bag for the day—

Jack	3 Rothschild Gazelles
	1 Reedbuck
Dan	3 Waterbuck
H. P. D.	1 Reedbuck
	1 Rothschild Gazelle

March 21. Temp. 104°.—We breakfasted at 5 and got away at 5:30, heading for the roan country. The experience going back was delightful, as the weather was cool and the country interesting. One could never tell what would pop out from any bunch of palms or from under any trees.

It seemed like riding through an enormous preserve teeming

with game. We did not want to shoot-up the country, being especially out for roan. About 7 o'clock I saw my first herd. I should think there were twenty in it; but they saw me long before I did them, and away they dashed. I stalked them for an hour and became not only exhausted, but discouraged, as it seemed as if I could never get within shooting distance. Finally, however, my opportunity came, and I made the best of it, getting a fine 29-inch head. I think the roan the most attractive head in our bag. The animal itself is very handsome, weighing about 700 lbs.

I was pleased, and resolved to be satisfied if necessary; but started out for another. Not only does the keen sight and hearing serve the roan, but the running of all the other antelope stirs them up and makes stalking them much more difficult. At 11 o'clock I had my second, and was then quite ready to turn to the "Wabour" (the boat). It was just three hours later when I arrived, stopping en route to shoot a bushbuck and a dikdik. Jack joined me just before reaching the boat. He was quite as hot and tired as I, notwithstanding the fact that in his bag was a reedbuck which as a trophy broke all records and is pronounced by Rowland Ward, Ltd., to be the finest reedbuck they have hitherto measured, being a head of 16 $\frac{3}{8}$  inches, with a spread of 22 $\frac{1}{2}$  inches.

To our surprise Dan was not at the boat, but his donkey had come in with our roan. He did not show up until after dark and until after he had given us much concern. The facts were, his shikari had lost his way, and poor Dan had been since 11 trying to find the boat. He was entirely done up.

The bag for the day—

Jack	3 Roan
	1 Reedbuck
Dan	1 Roan
H. P. D.	2 Roan
	1 Dikdik
	1 Bushbuck

March 22. Temp. 100°.—In view of the fact that we were unable to turn our faces northward on Saturday evening, I concluded to get in an early morning shoot, so arose at 3:30 and left for the roan country at 4:30. The ride back was an experience I shall always remember. The air was delightful, the heavens brilliant, and the country interesting. The trees were filled with birds and the country with game. I saw the night dissolve into day as one can see it only in a tropical land.



It was some time after daylight that I ran across a herd of roan, and as they were travelling with a herd of zebra, which seem quite as keen of scent and hearing, it was difficult to get within shooting range. But I finally succeeded, and dropped a fine head with my Springfield soft-nose. I had my riding-donkey and two bearer-donkeys.

In view of previous experiences in delays I concluded to wait with the skinnners and have the head packed and go on with me. As I was anxious not to delay the boat too long, I headed for the river. Soon I ran into—or, rather, saw—another herd, and from it took my roan to complete my bag.

Jack had three, Dan one and I four. I was surprised to learn that one of Jack's men had declined to bring in one of his heads the night before and had been unable to find it in the morning; so he and several other men had been sent out again with orders to bring the head in. We therefore had nothing to do but wait their return, which we did with much impatience. They did not return until dark, which prevented our getting away until morning. Jack and I killed two white pelican, one marabou, and some time.

Bag for the day—

Dan            1 Roan  
H. P. D.    2 Roan

March 23. Temp. 97°.—We were mighty glad to face north for our return-trip, which we did at 5:30 A.M., arriving at Bor at 9:15. The Inspector, Captain Tunnard, called to pay his respects. We had our ivory weighed, it being customary to have the ivory weighed in the province where shot. The scales showed:

		<i>Average</i>	<i>Length</i>	<i>Cir.</i>
Jack	70 lbs.	65.20 lbs.	7 ft. 1 in.	18 in.
	68.5 "		6 " 11 "	18 "
	64 "		5 " 5½ "	18 "
	58.5 "		4 " 10 "	18 "
Dan	53 "	52.50 "	5 " 5½ "	17¾ "
	52 "		5 " 2 "	18 "
H. P. D.	83.5 "	57.50 "	6 " 10 "	19½ "
	73 "		6 " 5 "	18⅝ "
	37 "		5 " 3 "	15¼ "
	36.5 "		5 " ¼ "	15½ "

Average 59.6 lbs.

We were complimented upon our tusks, being the best shown by any shooting-party. We left Bor at 11:30 A.M. and steamed the rest of the day without incident. We made about 9 miles an hour. Tied up at 7 P.M.

March 24. Temp. 94°.—Got away about 6, arriving at Kanisa at 10:30. After taking on a full supply of wood we left Kanisa at 1 P.M. Met the post-boat at 2 and very glad were we to hail her as she had stores for us, the need of which we were beginning to feel. We had run entirely out of water, and for several days past had been drinking the river water after it was filtered and thoroughly boiled. To it we added oatmeal, so it really was very good. We missed fruit, so we were glad to get two boxes of oranges. Nearly all our cigars had been smoked, hence our relief in getting 200 cheroots and 200 cigars (?). When we left Khartum we had on board thirty bottles of water for each day out and though it seemed an over-supply we thought we might as well take it, since it would make good ballast and we had the room, absurd as it seemed to take so much. You cannot realize what a real thirst is until you hunt in this country. It matters little how much one drinks, the thirst continues. Frequently I have drunk two quarts of Poland or Evian as if it were but a glassful. The atmosphere seems to burn one up, and nothing but water will put the fire out. From the post-boat we took on 4 cases of Nochera, 2 of Evian, 2 of soda, and 2 of ginger-ale. We have on board 1 case of Scotch and 1 of champagne, but as yet the seals are unbroken.

We tied up at Kilo 455 for the night. No guns fired.

March 25. Temp. 97°.—We pushed off at 5:30. At 7:30 a Mrs. Gray was announced, but Dan did not think *him* up to standard, so we passed on. While at breakfast two more were sighted, so we tied up and Dan went out to bag the species, which had defied him, and which, to use his expression, "had his goat." It was a short haul and in thirty minutes he came back with his scalp, happy and satisfied. We were then ready for an uninterrupted trip and proceeded, steaming the rest of the day without incident. Tied up at Kilo 325.

Bag for the day—

Dan            1 Mrs. Gray

The above is my first and only poem.

March 26. Temp. 86°.—Away at 5:30 in the early forenoon, saw several interesting groups of elephants and several herds of

Mrs. Gray. The day was really quite cool. It rained for three or four hours—our first real rain. Just before dusk we saw five elephants swimming in a pond very close to us. They were led by a large bull and the rear was brought up by a baby. They were just about to come ashore when they scented us and the change of position was most interesting and amusing. They turned back into the water, putting, or, rather, pushing the baby in front and were off in a jiffy; two of them shoved the baby along in fine style until they thought themselves quite out of harm's way. As the river is less circuitous from Kilo 200 north we concluded to steam through the night. Passed Kilo 175 at 7 P.M.

No guns fired.

March 27. Temp. 94°.—Steamed all night and were gratified to find ourselves at Kilo 35 in the morning at 6. We turned the corner bidding a fond farewell to the Jebel at 2 P.M., entering the White Nile, bound for Tonga. Arrived there at 6:30 and tied up for wood and the night. Sent Edward to Tonga to see if there were any telegrams. Found one from Fitzgerald recommending Gerrard as the best taxidermist in London.

No guns fired.

March 28. Temp. 94°.—Left Tonga at 5, entered the Zeraf [the Bahr-el-Zeraf, the right branch or channel of the Jebel which splits off some 280 miles above and rejoins the river at this point] at 5:50, breakfasted at 6 and proceeded to view the river. Of all the places we have seen none compares with the Zeraf in the way of interest. The river is very narrow, about 40 yards, and the country on either side most attractive and gamey in appearance and in fact as well. It is simply packed with game. About 7 Jack went out and got a beautiful waterbuck, thus finishing the chapter for him. At 8 Dan went out to bring back a tiang and about 10 I went out for tiang, bringing back two. We lunched at 10:40 and started up the river, but had only gone a few yards when the lookout sighted a large herd of roan just ahead of us on the river. Dan and Jack went out and gave them quite a chase. Jack came back shortly, while Dan went on, returning about 1:30 with a beautiful head. At 2 we started on up the river from Kilo 15. About 5 we saw another herd of roan which Jack decided to stalk. Soon after he went out I took a stroll, returning with a female oribi for the pot. Jack was unable to get a shot at the roan, but brought in a fine white-eared cob. We tied up for the night at Kilo 17.

## Bag for the day—

Jack	1 Waterbuck
	1 White-Eared Cob
Dan	1 Tiang
	1 Roan
H. P. D.	2 Tiang
	1 Oribi

March 29. Temp. 100°.—We got away about 5:30; breakfasted at 6. We passed three or four herds of tiang, waterbuck and cob between 7 and 9, after which we saw very little game until we had passed Kilo 70. We were disappointed in the day's run, as we had hoped to see much more game, especially giraffe, of which we saw none. At Kilo 63 we stopped at the telegraph camp and were told there were several lions in the vicinity whose custom it is to come to the river just at dusk and also just before dawn. We considered spending the night, hoping for a shot, but concluded it best to go on up to Kilo 100, the limit, and then determine what to do on our return. Most of the lion killed in this country are first seen from the boat, so that lion shooting as practised here is altogether luck. They seem never to *hunt* lion. To our minds this robs the game of its attractiveness. We find ourselves inexperienced as to the country and the lion-hunting, having little or no knowledge of the habits of the beasts, and yet we are our own guides, there being no one here to show or teach us. However, we are planning for a day's real hunt at Kilo 15, about five miles back of which are three hills—but more of this later. Just before dusk Jack shot a tiang. We steamed on to Kilo 98 and tied up for the night.

## Bag for the day—

Jack	1 Tiang
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March 30. Temp. 100°.—We started down the river at 6 with all lookouts set. We saw cob, tiang and waterbuck, but did not stop for them. At Kilo 63, the telegraph camp, we were told they had heard lion the evening before, but we concluded to go on so as to arrive opposite the hills at Kilo 18 before evening. We all went ashore at Kilo 20 for a stroll through the forest, sending the boat on down. Dan brought in a cob and I an oribi, the latter for the pot.

We spent the night at Kilo 18.

Bag for the day—

Dan            1 White-Eared Cob

H. P. D.    1 Oribi

March 31. Temp. 104°.—After choosing our respective hills of the three, we started off at 5:30 A.M. It proved to be rather a trying trek, as the country was flat and without cover, save patches of tall brown grass which is difficult to walk through. I arrived at my hill at 7:40, and found it a very beautiful mass of granite. It was indeed impressive to find such a remarkable rock-formation out in that vast territory of otherwise absolutely flat stoneless country. I should think a geologist would find much food for thought there. The hills seemed to me quite as wonderful as the Pyramids and the visit quite like the visit to the Pyramids at Gizeh. The hills were nearly as high and were pyramidal in form. For some reason we all seemed confident that we would find wild beasts among those rocks and were hopeful that they, or at least some of them, would be lion.

It was therefore a bit exciting when approaching them closely. I put my glass on them, and then walked very slowly around the base of the hill, but found no signs of life or even tracks, which quite disappointed me. I then circled the hill, rounding up it corkscrew fashion, and when nearly at the top had the pleasure and surprise of having four beasts jump out of a cave. Two of them turned with just their heads peeping over the rock and then they disappeared from sight. I knew they were neither lion nor leopard, but knew nothing more. In about ten minutes I saw one at the foot of the hill about seventy yards from it on the edge of the grass. I took a long-chance-shot and to my utter amazement hit the brute. He spun around like a top, finally spinning into the long grass. I soon discovered the other three in the grass and shot again, killing one on the spot. After carefully watching the grass I discovered the wounded one and gave him another, which finished him.

There was some satisfaction in the operation, but what my quarry was I did not then and even at this writing do not know. They stood a little higher than a pointer-dog, were shaped much like a dog, but had heads more like a hyena's. Jack was confident that they were of the hyena family, although they were not high in the withers like the hyena. There are wild-dogs in the country, but Rathje says that they are not dogs. I hope to learn some day what they are. This experience completed my hunting of the

hill, and at 9:30 I started back for the boat, which I reached at 11:30, a bit tuckered, but all right. Jack returned at 12:30, having seen several fresh leopard-tracks, but no game. Dan came in about 2:30, having seen four animals in the long grass, but unable to get a view to see what they were. We were all disappointed in seeing no lion or leopard and concluded they were not for us.

About 4:30, Jack, Rathje and I went out for our last afternoon shoot. I wanted especially to get a giraffe, while Jack was after roan. After about an hour's walk, my shikari saw four giraffes in the distance. We stalked them and got close enough to see that there were two large females and two younger ones. I concluded not to shoot, as I did not like to kill the females, so returned to the boat. Jack came in with two roan, making the bag for the day, in addition to my two beasts:

Jack	2 Roan
H. P. D.	2 unknown (? Wild-Dogs)

(Note. I was told at Khartum that the two beasts were wild-dogs.)

April 1. Temp. 107°.—At 6 we turned our boat and really headed for New York—a bit far it seems and is—but not nearly so far as when headed south, even when tied to the bank. We arrived on the White Nile at 9 A.M., having shot a few guinea-fowl on the way. Reached Taufikia at 2:30 P.M. and left at 3:50, steaming north with power and current, but against a strong head-wind. Had a very hot day. Wind as if from off a furnace, but at sundown there was great relief, a beautiful moonlight evening. Bed at 9:30.

April 2. Temp. 100°.—A fine night's sleep, a good breakfast and a realizing sense that we were making progress in the right direction, served us well to start the day. We proceeded without event until 5:30 P.M., when we stopped at a wood-station. We had expected to take on wood at the Kaka Station, but found that it had been moved up the river. Although there were only forty minutes of sun, we thought it worth while to go out for that time and enjoyed the stroll very much.

Bag for the day—

Dan	1 Gazelle
	9 Guinea-Fowl
Jack	6 Guinea-Fowl
H. P. D.	6 Guinea-Fowl

We steamed northward at 9 P.M.

April 3. Temp. 101°.—We steamed all night, arriving at Renk at 7 A.M. This was something of an occasion, as we were to drop our shikaris and bearers. The farewells were made after "dispensing," a very important function. We gave each shikari £2-10-0 and the gun bearers each £1; the other bearers 16s. The Government pays each shikari ten piastres (50 cents) a day, and the bearers five piastres (25 cents) a day. In some ways we were sorry to have them go; in others we were glad. It was a great relief to clean the barge of such a rabble. After they had gone we had the boat made more shipshape.

Left Renk at 12 M. Steamed until 9 P.M. and tied up for the night on account of the wind. No guns fired.

April 4. Temp. 100°.—Arrived at Jebel-Ain at 7 A.M. A native known to Mohammed came aboard and assured us he could give us a shot at a lion or a leopard if we would stay over, so we arranged with him to make three zerebas and tie up a goat at each for a lion. Our friend returned for us at 5 o'clock and said all was ready and that we were to go to the zerebas by the felucca (row-boat), it being about an hour away. We loaded up the boat with our arsenal and trappings for the night, and proceeded to spend the hour from 5 to 6 going up the river. When 6 o'clock came we had not quite arrived; when 7 came it was a bit farther on; at 8 it was around the next point; and at 9 we arrived—not mad, because we had recovered our sense of humour—regarding ourselves as sold, rather than having been imposed upon.

As the moon was high, we had an opportunity of examining our respective harbors of protection. We found each to be perfectly made, from the standpoint of the lion, as it would prevent our getting out and gave him ample opportunity of getting in. However, as we were in for the game, we each settled down in our own zereba, after a goat had been tied to a stake about 15 feet in front of the enclosure. The goat proceeded to do his part, bleating regularly and persistently, while I, my shikari, and Mohammed peered anxiously for the approaching beast. Thus we sat until 5:30 A.M., wiser, older, but none the less happy.

We had thus tried the *boma* game and had not succeeded. It is not a very sportsmanlike game, as we saw it. However, I think I am hardly competent to pass upon this. I walked back to the boat, about eight miles, and saw fresh tracks of three lions and very many leopards.

April 5. Temp. 94°.—Arriving at the boat about 9:00, orders were given to get away, which we did at 9:45. The day passed without incident, except for a strong north wind, which held us back considerably. At 5:00 o'clock we turned the corner in sight of the Kosti bridge and were greatly disappointed to find it closed. We arrived at the bridge at 5:45, blew our whistle, but made no impression on the bridge, which seemed to be quite alone. Jack and I walked over to the house of the bridge-tender, asking him if he would not open it and let us through. He telephoned to Kosti for authority, but we were refused on account of the approaching train—due two days later.

April 6. Temp. 96°.—They opened the bridge for us at 5:45. We reached Kosti at 6:00. I found my mail and telegrams awaiting me at the landing-place. After stocking up a bit, we proceeded, reaching our last wood-station at 4:00 P.M. Left there about 5:00, and pushed northward.

We passed El Dueim at 10:40, which is some 125 miles from Khartum.

April 7. Temp. 94°.—Had a splendid night for steaming and found ourselves 70 miles from Khartum at 7:00 A.M. We are well out of the game-country and in the duck-and-geese territory, the river being filled with birds of all kinds. This is our day for packing, giving backsheesh to the crew, etc. The weather is delightful, a fine day to finish a wonderful trip. We shall regard it as finished when we arrive at Khartum, though a long way from home. We tied up at 11:00 P.M., about an hour from Khartum.

April 8. Temp. 97°.—Arrived at Khartum at 7:00 A.M. Had breakfast aboard the "Atbara," and then arranged to have our trophies taken to the Department for inspection, after which they were delivered to Gellatly, Hankey & Co. for packing and shipping. The day was fully occupied with cleaning up our various matters, such as payment of bills at Steamers Department, arranging orders for taxidermists, etc. I concluded to ship to Edward Gerrard & Sons, 61 College Place, Camden Town, London, N. W. my buffalo heads and my white rhino. The rest I shipped to New York. Dined with His Excellency, the Governor-General. Had a delightful evening.

April 9. Temp. 100°.—Busy all day with cables, etc. Left Khartum at 10:00 P.M. for Cairo.

As to general comments on the trip, I would pronounce it an altogether delightful and successful experience. Our bags were



remarked upon by the authorities as being quite above the average in size and character.

During the entire trip we had no annoyance from pests of any kind, no flies and practically no mosquitoes. We did not use our mosquito nets for our beds or heads once. The weather, while exceedingly hot at times, was not really oppressive. It seemed incredible that one could perspire as freely as we did. Quantities of drinking water were made necessary by the heat. There was usually a breeze, though at times as hot as if from a furnace.

The table was always good. Good bread, butter, and when no fresh kill aboard, splendid canned-meats. We always enjoyed our lunches and dinners.

We did not do as much trekking as I would have liked. I am sure a trek through the forest of two or three weeks would be a great experience and afford a big bag.

Our equipment consisted of:

The steamer "Atbara," for which we paid £30 per day; this includes expenses of every kind, viz., food (excepting bottled water or other drinks), pay of servants, shikaris and all else.

To the steamer is attached a barge, which carries donkeys, shikaris, and bearers; in fact, all natives except the crew.

#### *Personnel*

J. H. Prentice

D. E. Pomeroy

H. P. Davison

Servants: Harrison and Edward

William C. Z. Rathje, Engineer (commander of the boat)

Address: Dock Yard, Khartum North

Taxidermist, First Reis (captain), Assistant Reis, Engineer, Second Engineer, Sailors 6, Firemen 2, Greaser, Trimmer, Skinner, Head-waiter, Assistant Waiters 4, Pantry Boy, Cook, Assistant Cook, Assistants to Crew (2 boys), Reis for barge, Sailor for barge, Donkey-men 3: making a total of 36 leaving Khartum. At Renk we took on: 3 Shikaris, 13 Bearers, making a total of 52 on the trip.

We had four riding-donkeys and six bearer-donkeys.

Our arsenal consisted of : one 450 Holland & Holland, two 465 Holland & Holland, three 30 U. S. Army Springfields, one 265 Mannlicher, three 12-bore shotguns.

As for ammunition we each took: 50 soft-nose and 50 solid

Holland & Holland, 250 soft-nose and 250 solid Springfield 30s, 300 12-bore shotgun shells. Of these we each used about: 20 soft-nose and 30 solid Holland & Holland, 150 soft-nose and 100 solid 30s, 200 12-bore shotgun shells; or for the party: 150 Hollands, 750 Springfields, 600 shells. Of course, this includes all the cartridges used for target-shooting and at crocodiles, etc.

Names of Shikaris:

Adam Abee Kalam (my own) A-1

Udah Handamin (Jack's) A

T. Gardeen (Dan's) A

Address: Renk, Sudan

Mohammed Zanzibar

Address: c/o Steamers Department, Khartum

(He was head waiter and a very valuable man to us. Understands English fairly well, has a good head, good judgment, and is exceptionally competent. He went out with one of us on almost every excursion. Contributed more to the success of our trip than any other one man.)

## APPENDIX B

Henry Pomeroy Davison received the honorary degree of Doctor of Laws from eight American colleges and universities. The institutions which conferred the degrees, with all or part of the respective citations, with which the degrees were conferred, are given below, with the dates:

### *University of Pennsylvania, June 18, 1913*

Henry Pomeroy Davison: Constructive genius, whose financial policies have encircled the globe—Whose constant exertions, with perfect obliteration of self, have been for the advancement of our country's interests among the nations of the earth.

### *New York University, June 12, 1918*

Henry Pomeroy Davison, author, financier, philanthropist, Chairman of the War Council of the American Red Cross, organizer and director of the most wide reaching ministry of mercy ever known among men.

\* \* \* \* \*

Henry Pomeroy Davison, whose life has been so intimately inwrought with large affairs in the life of this community and of this Country, who through successful achievement in business have ripened those capacities which were to be required—imperatively and poignantly required—for the relief of human suffering when the suffering of mankind was at its highest pitch, you who have met this your supreme opportunity with performance worthy of the hour and of the need.

### *Princeton University, June 15, 1918*

Henry Pomeroy Davison, Chairman of the War Council of the American Red Cross. A master of complex situations, swift in plan and direct in execution, his thought and action sweep in large orbits. Skilful in divining and enlisting the

best help here and abroad, he is guiding the vast efforts for war-relief to full success. Abandoning his private interests, he is bending all to one end,—that the women of America may bear the Red Cross of mercy to heal what war has stricken, the holy symbol of our hope for a desolated world, the sign by which we conquer.

*Yale University, June 19, 1918*

Henry Pomeroy Davison, a banker from his youth up, and as partner of the Morgan firm in the seats of the mighty, Mr. Davison had won the respect and confidence of financial New York. Then came his call to service. Under his leadership the American Red Cross has covered a stricken world with the network of its agencies, has spent by the hundred million, has brought to the most terrible of wars, faith, hope and charity.

“And on his brest a bloodie crosse he bore  
The deare remembrance of his dying Lord  
For whose sweete sake that glorious badge he wore.”

*Bowdoin College, June 20, 1918*

Henry Pomeroy Davison, of New York and Washington; Chairman of the War Council of the American Red Cross; philanthropist who gives generously himself, and patriot who has taught the American people the joy of giving cheerfully so that they have poured out over two hundred and sixty millions for the War Fund of the American Red Cross; fitting representative at home and abroad of the greatest army of mercy the world has ever known

*Harvard University, June 19, 1919*

Henry Pomeroy Davison, able financier, masterly organizer. Throughout the War he has accomplished the prodigious task of developing and directing the Red Cross.

*Williams College, June 23, 1919*

Henry Pomeroy Davison, in the words of Elihu Root, “the man who, abandoning his great business and giving his great powers with absolute devotion, to the organization and the

execution of the Red Cross activities of America during the War, has conferred an inestimable benefit both upon all of the allies with whom we fought and upon the good name and credit of the American people." To past service thus esteemed by such a judge, we must add yet larger service to the future, his conception of the plan and its execution, of combining into one league the Red Cross societies of the world, uniting the sap of many growths in one mighty tree of life, whose leaves are for the healing of the nations.

*Columbia University, June 2, 1920*

Five captains of a nation's great effort—an effort made in the service of the highest ideal that can move and guide the hearts and minds of men; captains in things military and naval; captains in measures of relief and of succor; captains in the work of religious inspiration and instruction.

(Henry Pomeroy Davison, Herbert Hoover, Rt. Rev. Charles Henry Brent, Rear Admiral William Sowden Sims and General John Joseph Pershing, five representatives of different branches of war service were presented for this degree at the same time.)

## APPENDIX C

Decorations and medals were bestowed on Henry Pomeroy Davison by the following Governments and Societies:

### *Belgium*

Order of Leopold, I

### *China*

Red Cross Medal of the Chinese Red Cross Society

### *France*

Commander of the Legion of Honor

### *Italy*

Grand Officer of the Crown of Italy  
Commander of the Order of Saints Maurizio and Lazzaro  
Cross of Merit of the Italian Red Cross Society

### *Japan*

Medal of Merit of the Japanese Red Cross Society  
Medal of Special Membership of the Japanese Red Cross  
Society

### *Roumania*

Queen's War Medal  
Regina Maria, First Class Medal  
Regina Maria, Second Class Medal

### *Serbia*

Grand Cordon of St. Sava of Serbia

*United States*

Distinguished Service Medal

Gold Medal of the National Institute of Social Sciences

The citation read by Newton D. Baker, Secretary of War, in awarding the Distinguished Service Medal, was as follows:

Mr. Henry P. Davison, for exceptionally meritorious and distinguished service. As Chairman of the War Council, American Red Cross, he assumed general direction of the war measures of that Society, and by the exercise of rare tact and consummate powers of construction and direction, brought it to a perfection of organization which made it possible to extend relief promptly and bountifully to our Armies and to those of the Allied Nations. His dynamic qualities as a financier and his forceful personality assured to the soldier in the field and to the inhabitants of the devastated countries of Europe systematized measures of relief beyond the limits of specific statement.

Mr. Baker then added:

"As I read that and as the world reads it, it will seem, I hope, a generous recognition of the services of Mr. Davison and the great society of which he was president, and yet it is a very restrained estimate of a very great and noble service. The society which Mr. Davison controlled has left the touch of its relieving hand on every battlefield and in every hospital, and in the homes of the poor and the oppressed throughout the world. Without that society, I do not know whether the world would have been able to bear the horrors and devastation of this fearful war. Perhaps now that the war is technically over and fighting has ceased, society can look with confidence upon the great reservoir of good will which was generated by the healing influences and built up among men by the presence of this non-partisan, non-sectarian, non-national society. It has as the basis of its work and activity that broader emotion which makes all mankind kin and cuts across all the sectionalism and restricting limitations of race and creed, and follows only the precepts of mercy.

"It is true that the world is at present in sad need of healing influences, and sober men everywhere, I think, will look, with most hopefulness, for those healing influences in the capacities for co-operation which men have developed. The fact is that the best

of our culture and civilization is that which comes from coöperative effort, and therefore the spirit which makes that coöperation possible is the basis upon which our future building must be made. What the Red Cross has done and is doing and is to do will play an incalculably important part in that historic reconstruction, for it has shown and taught a spirit of coöperation on a basis as broad as humanity and as fine as our best emotions. Those of us who were more or less intimately associated with him know that Mr. Davison is responsible in a very peculiar and personal way for the work the Red Cross did. The American Army, for whom the Medal was primarily designed, will feel that those of its members who wear the Medal are honored by its being worn by Mr. Davison, whose services with the Red Cross have been so distinguished.

“In the name of the President and in his behalf I take pleasure in presenting the Medal to Mr. Davison.”















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